

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Delta	County Eaton
Fiscal Year End 12/31/2006	Opinion Date March 28, 2007	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


SM
Q

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Maner, Costerisan & Ellis, P.C.		Telephone Number 517-323-7500	
Street Address 544 Cherbourg Drive, Suite 200		City Lansing	State MI
Authorizing CPA Signature 		Printed Name Lamonte T. Lator	License Number 1801

CHARTER TOWNSHIP OF DELTA
REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
YEAR ENDED DECEMBER 31, 2006

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Charter Township of Delta
State of Michigan

March 28, 2007

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Charter Township of Delta, State of Michigan as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Delta's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

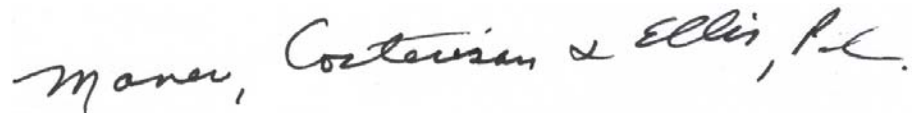
In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Delta, State of Michigan as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Charter Township of Delta
State of Michigan

March 28, 2007

The management's discussion and analysis budgetary comparison information and pension plan funding project information on pages viii through xx and 37 through 41, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Delta's basic financial statements. The combining and individual fund financial statements and other additional information presented in pages 42 through 76 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and other additional information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Moner, Costantini & Ellis, P.C.".

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Charter Township of Delta (Township), we offer readers of the Charter Township of Delta's financial statements this narrative overview and analysis of the financial activities of the Charter Township of Delta for the fiscal year ended December 31, 2006.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$99.1 million dollars (net assets). Of this amount, \$31.4 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$4.3 million dollars.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$14.5 million, a increase of \$758 thousand in comparison with the prior year. Approximately \$10.7 million is available for spending.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7.7 million, or 55 percent of total general fund expenditures.
- The Township's total long-term liabilities increased \$4.4 million. The key factor in this increase was the issuance of water bonds to improve the water system.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, economic development, and culture and recreation. The business-type activities of the Township include water and sewer activity.

The government-wide financial statements include not only the Township itself (known as the *primary government*), but also the legally separate Economic Development Corporation (EDC) for which the Township is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Township also has established the Brownfield Redevelopment Authority. Had there been activity or balances, it would also be reported as a discreetly presented component unit. The District Library of Delta, although legally separate, functions for all practical purposes as a department of the Township, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the paramedic fund, both of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund and major special revenue fund in the required supplementary information and for the other special revenue funds in the additional information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

Proprietary funds. The Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its water and sewer activity. The Township does not utilize an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer funds, both of which are considered to be major funds of the Township.

The basic proprietary fund financial statements can be found on pages 6 through 9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 10 and 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 36 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's progress in funding its obligation to provide pension benefits to its employees and the general and paramedic special revenue fund budgets. Required supplementary information can be found on page 37 through 41 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 42 through 76 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$99.1 million at the close of the most recent fiscal year.

By far the largest portion of the Township's net assets (62 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Charter Township of Delta's Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 25,751,611	\$ 22,928,051	\$ 25,848,829	\$ 22,796,377	\$ 51,600,440	\$ 45,724,428
Capital assets	21,990,757	21,702,100	63,473,304	57,524,998	85,464,061	79,227,098
Total assets	47,742,368	44,630,151	89,322,133	80,321,375	137,064,501	124,951,526
Long-term liabilities outstanding	3,251,329	4,258,823	19,116,085	13,683,521	22,367,414	17,942,344
Other liabilities	13,121,673	10,773,830	2,443,109	1,426,030	15,564,782	12,199,860
Total liabilities	16,373,002	15,032,653	21,559,194	15,109,551	37,932,196	30,142,204
Net assets:						
Invested in capital assets, net of related debt	17,756,608	16,701,050	43,930,910	43,454,571	61,687,518	60,155,621
Restricted	1,859,313	1,436,631	4,172,734	3,990,891	6,032,047	5,427,522
Unrestricted	11,753,445	11,459,817	19,659,295	17,766,362	31,412,740	29,226,179
Total net assets	\$ 31,369,366	\$ 29,597,498	\$ 67,762,939	\$ 65,211,824	\$ 99,132,305	\$ 94,809,322

An additional portion of the Township's net assets (6 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets (\$31.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

There was an increase of \$181,843 in restricted assets reported in connection with the Township's business-type activities. All of the increase is due to the estimated cost to replace infrastructure relating to federal funds received for sewer improvements in prior years. The restricted governmental fund net assets increased by \$422,682 which arose from increases in the cemetery perpetual care fund and amounts restricted by source of revenue such as special levies and contributions.

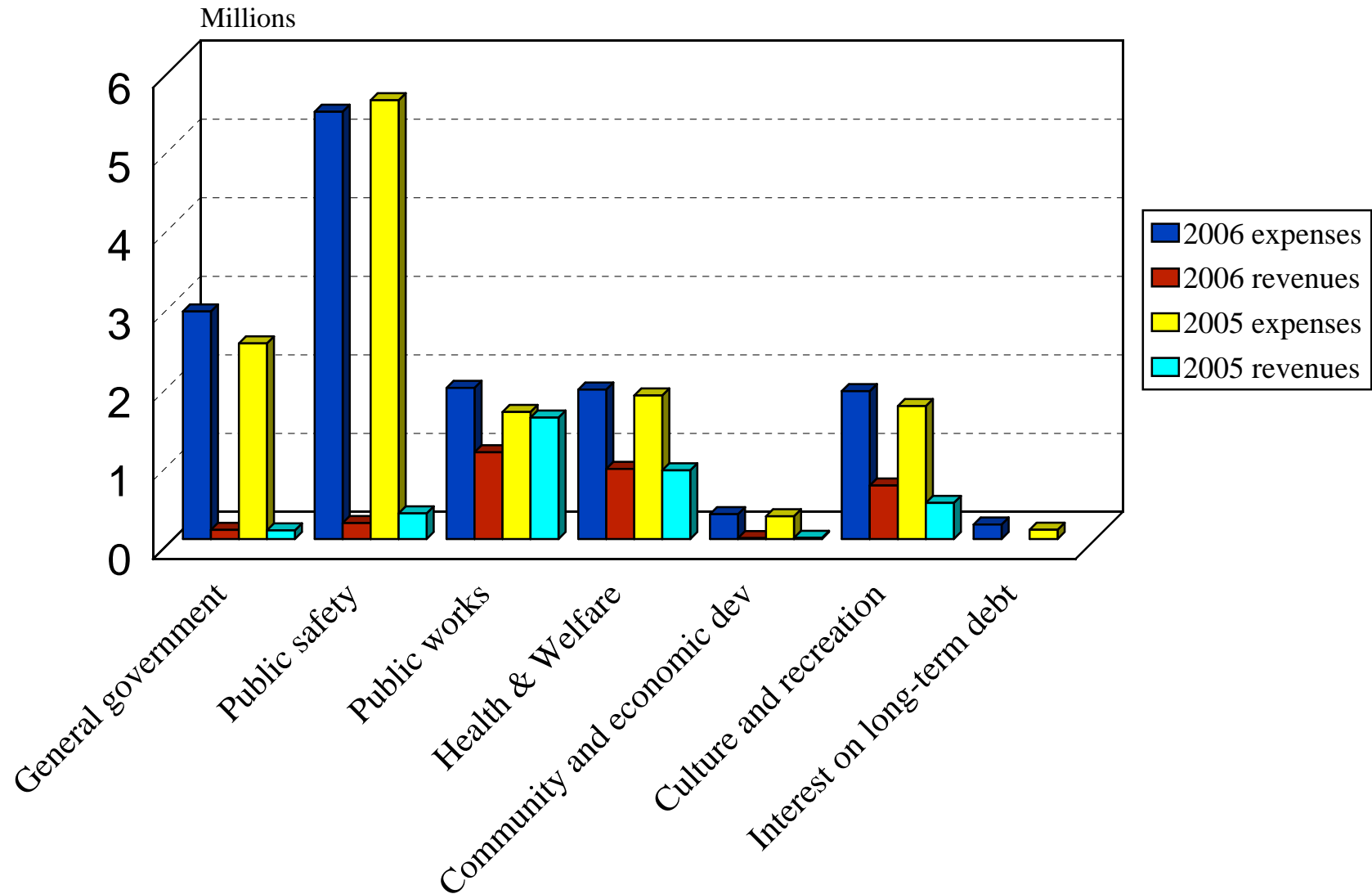
The government's net assets increased by \$4.3 million during the current fiscal year. About 38 percent of this increase represents the degree in which increases in ongoing revenues have outstripped similar increases in ongoing expenditures. The remaining 62 percent is attributed to capital contributions made to the enterprise funds.

Governmental activities. Governmental activities increased the Township's net assets by \$1,771,868, thereby accounting for 41 percent of the total growth, while the business-type activities net assets increased by \$2,551,115, which represents 59 percent of the growth in the net assets of the Township. Key elements of this increase are as follows:

Charter Township of Delta's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 2,609,821	\$ 2,996,442	\$ 7,730,177	\$ 7,644,741	\$ 10,339,998	\$ 10,641,183
Operating grants and contributions	195,100	338,698			195,100	338,698
Capital grants and contributions	208,378		2,685,020	1,934,642	2,893,398	1,934,642
General revenues:						
Property taxes	8,547,444	7,914,803			8,547,444	7,914,803
Paramedic levy	1,251,780	1,206,111			1,251,780	1,206,111
State sources	2,269,380	2,311,715			2,269,380	2,311,715
Franchise fee-cable	146,971	139,395			146,971	139,395
Unrestricted capital - contributions		694,800				694,800
Investment earnings	872,459	471,052	1,240,692	628,955	2,113,151	1,100,007
Other	225,211	201,979			225,211	201,979
Total revenues	16,326,544	16,274,995	11,655,889	10,208,338	27,982,433	26,483,333
Expenses:						
General government	2,898,741	2,490,702			2,898,741	2,490,702
Public safety	5,441,238	5,586,930			5,441,238	5,586,930
Public works	1,924,550	1,618,839			1,924,550	1,618,839
Health and welfare	1,903,061	1,827,685			1,903,061	1,827,685
Community and economic development	317,113	291,020			317,113	291,020
Culture and recreation	1,884,122	1,693,680			1,884,122	1,693,680
Interest on long-term debt	185,851	118,041			185,851	118,041
Water			4,027,071	3,747,981	4,027,071	3,747,981
Sewer			5,077,703	5,145,900	5,077,703	5,145,900
Total expenses	14,554,676	13,626,897	9,104,774	8,893,881	23,659,450	22,520,778
Increase (decrease) in net assets	1,771,868	2,648,098	2,551,115	1,314,457	4,322,983	3,962,555
Net assets, beginning of year	29,597,498	26,949,400	65,211,824	63,897,367	94,809,322	90,846,767
Net assets, end of year	\$ 31,369,366	\$ 29,597,498	\$ 67,762,939	\$ 65,211,824	\$ 99,132,305	\$ 94,809,322

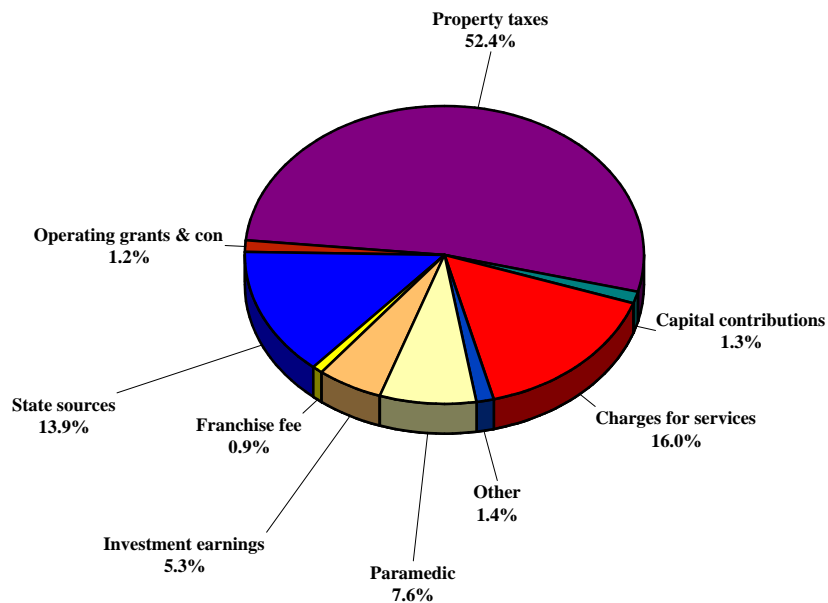
Charter Township of Delta **Expenses and Program Revenues - Governmental Activities** **December 31,**



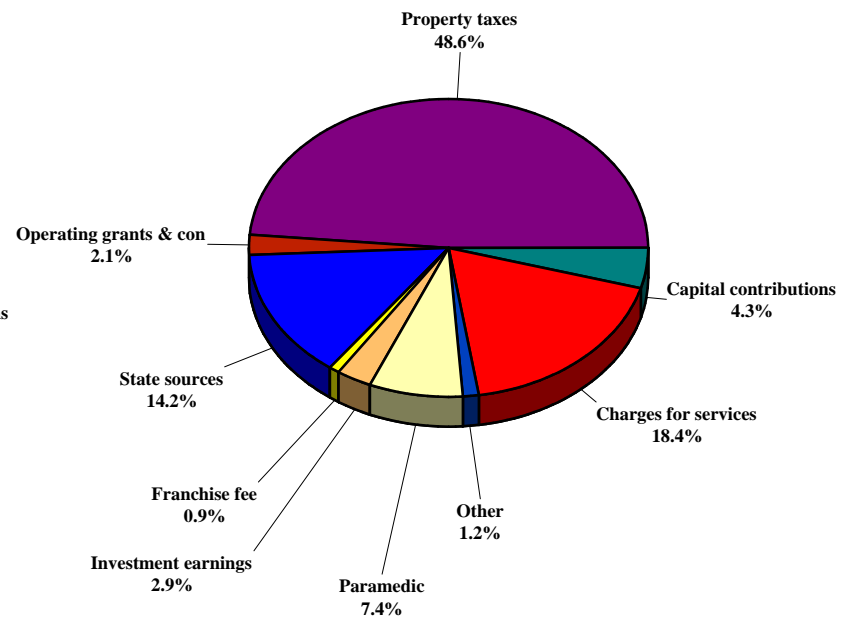
Charter Township of Delta

Revenues by Source - Governmental Activities

December 31

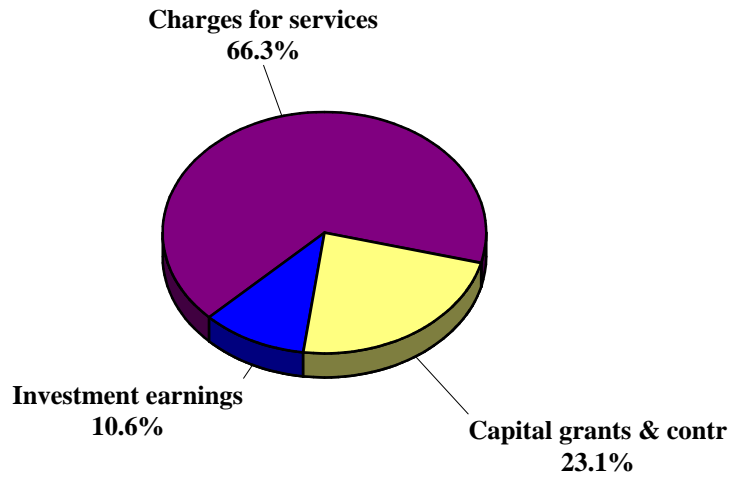


2006

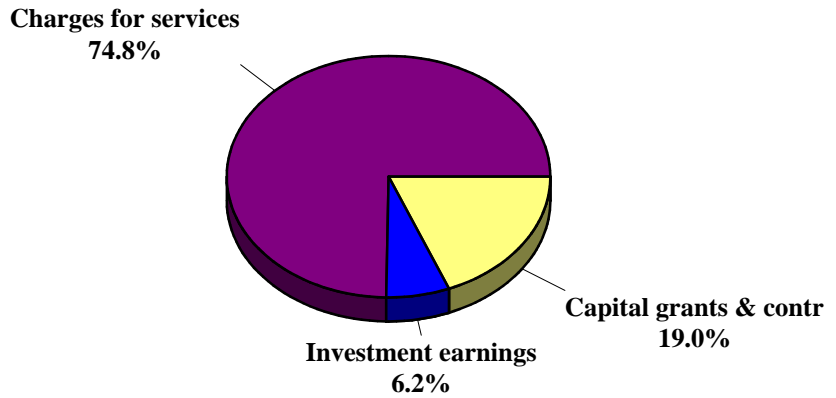


2005

Charter Township of Delta
Revenues by Source - Business-type Activities
December 31

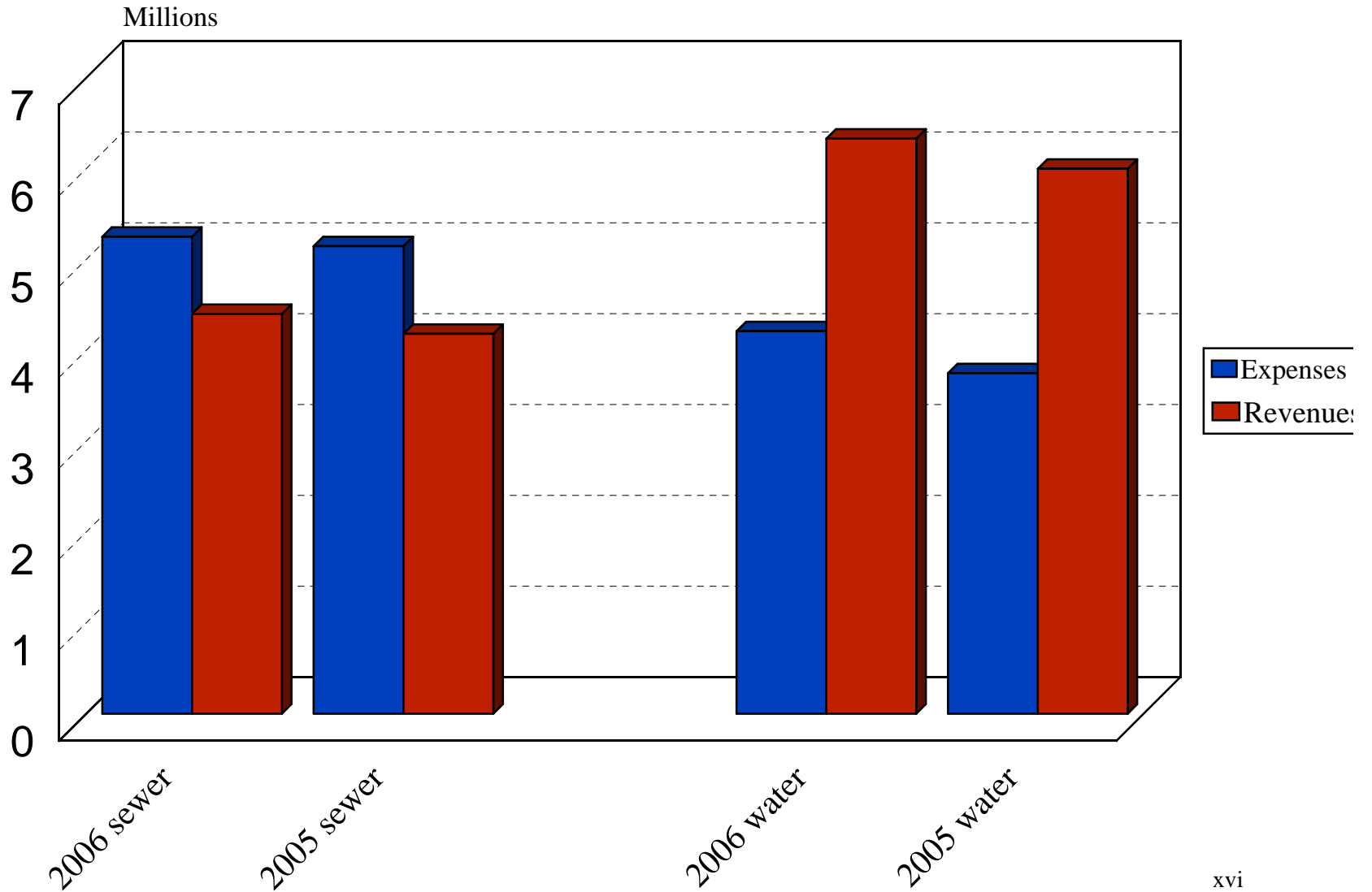


2006



2005

Charter Township of Delta
Expenses and Program Revenues - Business-type Activities
December 31,



- Property taxes increased by \$632,641 (8 percent) during the year. Most of this increase is the product of new construction.
- Capital grants and contributions increased by \$208,378 (100 percent) during the year. The Township library put on a capital campaign fund raising to purchase capital outlay for the library.
- Overall government activities revenue is up \$51,549 from prior year. In the prior year the Township received donated land, had a decrease in building activities, and received more funding from the federal government. The Township did incur an increase in investment earnings, property taxes, as well as capital grants and contributions, which helped to offset the decrease in the other listed items.
- Expenses for governmental activities went from \$13.6 million to \$14.5 million, an increase of \$900 thousand. Majority of the increase is due to repair and maintenance for roads, relating to Mt. Hope and Willow Highway, and employee salaries and benefits.

Business-type activities. Business-type activities increased the Township's net assets by \$2,551,115. Key elements of this increase are as follows.

- **Capital grants and contributions** - Contributions in 2006 were \$2,685,020, which consisted of \$824,077 in sewer and \$1,860,943 in water.
- **Investment earnings** - Investment earnings increased by \$611,737.

The contributions received, along with the increase in investment earnings was used to offset a combined operating loss of the water and sewer fund of \$670,088.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$14.5 million, an increase of \$758 thousand in comparison with the prior year. Approximately three-quarters of this total amount (\$10.7 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion although special revenue and capital projects funds generally are limited to types of expenditures. The remainder of fund balance is restricted or reserved to indicate that it is not available for new spending because it has already been committed 1) to capital outlay (\$49,883), 2) to prepaid expenditures (\$59,193), 2) to pay debt service (\$213,109), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$192,027), or 4) for a variety of other designated purposes (\$3,314,699).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7.8 million, while total fund balance reached \$11.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 55 percent of total general fund expenditures, while total fund balance represents 79 percent of that same amount.

The fund balance of the Township's general fund increased by \$773 thousand during the current fiscal year. The key factor in this increase are as follows:

- The Township increased its return on investments. Investment earnings increased by \$311,595.
- The Township also received additional funding from the other special revenue for expenses incurred on its behalf. The funding increased by \$414,627.
- Due to the economic conditions, the Township departments were very conservative when making purchases. This was an important factor in increasing the general fund net assets.

The debt service fund has a total fund balance of \$213,109, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$33,232. Revenue remained relatively the same as prior year, while the expense increased mostly due to the increased principal amount required for the debt maturity schedule.

Proprietary funds. The Township's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets for the water and sewer funds at the end of the year amounted to \$19.6 million. The total increase in net assets amounted to \$2.5 million. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

The final amended budget increased appropriations by \$647,000 from the original budget and can be summarized as follows:

- \$222,000 increase in general government activities
- \$34,000 increase in public safety activities
- \$541,000 increase in public works activities
- \$25,000 decrease in community and economic development
- \$125,000 decrease in debt service

The main reason for the changes resulted from reallocating expenses across the different governmental activities, as well as the Mt. Hope and Willow Highway repairs, and other post employment benefit funding. During the year actual revenue was lower than the amended budgetary estimates. This arises primarily from lower building permits issued during the year and certain interfund charges which are properly characterized as expense reductions rather than revenues for reporting purposes.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of December 31, 2006, amounts to \$85.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, vehicles, park facilities, sidewalks, and other infrastructure. The total increase in the Township's investment in capital assets for the current fiscal year was 8 percent (a 1 percent increase for governmental activities and a 10 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction of various water and sewer projects in the amount of \$4.5 million.

Charter Township of Delta's Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 5,655,383	\$ 5,649,130	\$ 744,144	\$ 744,144	\$ 6,399,527	\$ 6,393,274
Building and building equipment	6,264,634	6,436,427	8,864,026	9,892,191	15,128,660	16,328,618
Land improvements/sidewalks	1,812,643	1,807,291	26,034	31,435	1,838,677	1,838,726
Vehicles	238,456	289,751			238,456	289,751
Equipment	1,762,628	1,582,121	601,226	672,498	2,363,854	2,254,619
Usage rights	6,016,609	5,907,755			6,016,609	5,907,755
Sewer and water mains			48,682,291	45,339,117	48,682,291	45,339,117
Construction in process	240,404	29,625	4,555,583	845,613	4,795,987	875,238
	<u>\$ 21,990,757</u>	<u>\$ 21,702,100</u>	<u>\$ 63,473,304</u>	<u>\$ 57,524,998</u>	<u>\$ 85,464,061</u>	<u>\$ 79,227,098</u>

Additional information on the Township's capital assets can be found in Note 4 on pages 24 through 26 of this report.

Long-term debt. At the end of the current fiscal year, the Township had total long-term debt outstanding of \$25.1 million. Of this amount, \$17.4 million comprises debt backed by the full faith and credit of the government. The amount of \$3.5 million of the Township's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remaining \$4.2 million represents compensated absences earned but not used as of year end (\$1.2 million) and other long-term items (\$3.0 million).

Charter Township of Delta's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation	\$ 1,700,000	\$ 2,450,000	\$ 15,695,000	\$ 9,945,000	\$ 17,395,000	\$ 12,395,000
Revenue bonds			3,475,000	3,600,000	3,475,000	3,600,000
Other long-term debt	2,534,149	2,551,050	509,106	535,901	3,043,255	3,086,951
Compensated absences	874,699	820,531	319,213	296,807	1,193,912	1,117,338
Total	<u>\$ 5,108,848</u>	<u>\$ 5,821,581</u>	<u>\$ 19,998,319</u>	<u>\$ 14,377,708</u>	<u>\$ 25,107,167</u>	<u>\$ 20,199,289</u>

The Township's total debt increased by \$4.9 million (24 percent) during the current fiscal year. The key factor in this increase was the water system improvement bonds.

The Township was given an "AAA" rating from Standard & Poor's and Fitch for the general obligation debt due to the bonds being insured. If the bonds had not been insured the ratings would have been "AA-" and "AA+" respectively.

Additional information on the Township's long-term debt can be found in Note 6 on pages 27 through 31 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Delta Township is currently 4.6 percent which is a consistent from a year ago. This compares favorably with the State's average unemployment rate of 6.7 percent.

These factors were taken into consideration when preparing the fiscal year 2007 budget.

Charter Township of Delta's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township is described as "a growing economic base with a sound financial position and minimal capital needs". The Township has a conservative and financially prudent budget for the fiscal year 2007 that also promotes and funds numerous project objectives that have been set by the Township's Strategic Plan.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2007 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager's Office, 7710 West Saginaw Highway, Lansing, MI 48917-9712

BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF DELTA				
STATEMENT OF NET ASSETS				
DECEMBER 31, 2006				
	Primary Government			Component Unit
	Governmental activities	Business-type activities	Total	Economic Development Corporation
ASSETS				
CURRENT ASSETS:				
Cash	\$ 3,988,589	\$ 3,936,768	\$ 7,925,357	\$ 167,429
Investments	14,621,164	13,164,365	27,785,529	
Receivables:				
Accounts	550,266	635,690	1,185,956	
Taxes	6,374,774		6,374,774	
Interest	107,742	132,092	239,834	
Special assessment - current		104,682	104,682	
Special assessment - interest		24,257	24,257	
Other		91,313	91,313	
Current portion of long-term receivable		16,357	16,357	
Prepaid expenses	59,193		59,193	
Restricted cash - capital campaign	49,883		49,883	
TOTAL CURRENT ASSETS	25,751,611	18,105,524	43,857,135	167,429
NONCURRENT ASSETS:				
Investments:				
Replacement account - temporarily restricted		4,172,734	4,172,734	
Replacement account - designated		1,820,545	1,820,545	
Deferred charges:				
Tap in charges - deferred		432,611	432,611	
Unamortized bond issuance costs		492,251	492,251	
Special assessments - deferred		381,565	381,565	
Long-term receivable		443,599	443,599	
TOTAL NONCURRENT ASSETS		7,743,305	7,743,305	
CAPITAL ASSETS:				
Land and construction in progress	5,895,787	5,299,727	11,195,514	
Other capital assets, net of accumulated depreciation	16,094,970	58,173,577	74,268,547	
TOTAL CAPITAL ASSETS	21,990,757	63,473,304	85,464,061	
TOTAL ASSETS	47,742,368	89,322,133	137,064,501	167,429
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 417,951	\$ 762,664	\$ 1,180,615	\$
Accrued salaries and related items	290,566		290,566	
Accrued interest	127,819	137,675	265,494	
Customer deposits	103,404	121,528	224,932	
Contract retainers payable		183,469	183,469	
Deferred revenue - taxes	10,324,414		10,324,414	
Current portion of long term obligations	1,289,274	1,036,795	2,326,069	
Current portion of compensated absences	568,245	200,978	769,223	
TOTAL CURRENT LIABILITIES	13,121,673	2,443,109	15,564,782	
NONCURRENT LIABILITIES:				
Noncurrent portion of long term obligations:				
Accrued compensated absences	306,454	118,235	424,689	
Other long-term debt	2,044,875	482,311	2,527,186	
Unamortized bond premiums		355,539	355,539	
Revenue bonds payable		3,350,000	3,350,000	
General obligation debt	900,000	14,810,000	15,710,000	
TOTAL NONCURRENT LIABILITIES	3,251,329	19,116,085	22,367,414	
TOTAL LIABILITIES	16,373,002	21,559,194	37,932,196	
NET ASSETS:				
Invested in capital assets net of related debt	17,756,608	43,930,910	61,687,518	
Restricted for perpetual care	192,027		192,027	
Restricted for capital outlay	147,182	4,172,734	4,319,916	
Restricted for paramedic services	1,434,814		1,434,814	
Restricted for debt service	85,290		85,290	
Unrestricted	11,753,445	19,659,295	31,412,740	167,429
TOTAL NET ASSETS	\$ 31,369,366	\$ 67,762,939	\$ 99,132,305	\$ 167,429

**CHARTER TOWNSHIP OF DELTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets			Component Unit
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Economic Development Corporation	
					Governmental activities	Business-type activities		
Primary government:								
Governmental activities:								
General government	\$ 2,898,741	\$ 117,004	\$	\$	\$ (2,781,737)	\$	\$ (2,781,737)	\$
Public safety	5,441,238	58,614	145,787		(5,236,837)		(5,236,837)	
Public works	1,924,550	1,104,520			(820,030)		(820,030)	
Health and welfare	1,903,061	893,281			(1,009,780)		(1,009,780)	
Community and economic development	317,113	11,585			(305,528)		(305,528)	
Culture and recreation	1,884,122	424,817	49,313	208,378	(1,201,614)		(1,201,614)	
Interest on long-term debt	185,851				(185,851)		(185,851)	
Total governmental activities	14,554,676	2,609,821	195,100	208,378	(11,541,377)		(11,541,377)	
Business-type activities:								
Water	4,027,071	4,274,619		1,860,943		2,108,491	2,108,491	
Sewer	5,077,703	3,455,558		824,077		(798,068)	(798,068)	
Total business activities	9,104,774	7,730,177		2,685,020		1,310,423	1,310,423	
Total primary government	\$ 23,659,450	\$ 10,339,998	\$ 195,100	\$ 2,893,398			(10,230,954)	
Component unit:								
Economic Development Corporation	\$ 408	\$	\$	\$				(408)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					7,788,483		7,788,483	
Property taxes, levied for debt service					758,961		758,961	
Paramedic levy					1,251,780		1,251,780	
State sources					2,269,380		2,269,380	
Franchise fee-cable					146,971		146,971	
Investment earnings					872,459	1,240,692	2,113,151	7,304
Other					225,211		225,211	
Total general revenues					13,313,245	1,240,692	14,553,937	7,304
Change in net assets					1,771,868	2,551,115	4,322,983	6,896
Net assets, beginning of year					29,597,498	65,211,824	94,809,322	160,533
Net assets, end of year					\$ 31,369,366	\$ 67,762,939	\$ 99,132,305	\$ 167,429

See notes to financial statements.

CHARTER TOWNSHIP OF DELTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	General	Paramedic fund (a special revenue fund)	Other governmental funds	Total governmental funds
ASSETS				
ASSETS:				
Cash	\$ 3,051,060	\$ 296,449	\$ 641,080	\$ 3,988,589
Investments	11,666,979	1,130,205	1,823,980	14,621,164
Receivables:				
Accounts	452,934		97,332	550,266
Taxes	3,433,155	1,313,465	1,594,892	6,341,512
Interest	88,991	8,160	10,591	107,742
Due from other funds			150,365	150,365
Prepaid expenditures	50,248		8,945	59,193
Restricted cash - capital campaign			49,883	49,883
TOTAL ASSETS	\$ 18,743,367	\$ 2,748,279	\$ 4,377,068	\$ 25,868,714

LIABILITIES AND FUND BALANCES

LIABILITIES:				
Accounts payable	\$ 346,774	\$	\$ 71,177	\$ 417,951
Accrued salaries and related items	290,566			290,566
Due to other funds			150,365	150,365
Customer deposits	103,404			103,404
Deferred revenue - taxes and contributions	6,887,334	1,313,465	2,220,914	10,421,713
TOTAL LIABILITIES	7,628,078	1,313,465	2,442,456	11,383,999
FUND BALANCES:				
Restricted for capital outlay			49,883	49,883
Reserved for prepaid expenditures	50,248		8,945	59,193
Reserved for debt service			213,109	213,109
Reserved for perpetual care fund			192,027	192,027

	General	Paramedic fund (a special revenue fund)	Other governmental funds	Total governmental funds
FUND BALANCES (Concluded):				
Designated:				
Compensated absences	853,806		20,893	874,699
Roads	1,200,000			1,200,000
Retiree health insurance	750,000			750,000
Non-motorized transportation	300,000			300,000
MEF	190,000			190,000
Unreserved, undesignated reported in:				
General fund	7,771,235			7,771,235
Special revenue funds		1,434,814	1,483,152	2,917,966
Capital projects fund			(33,397)	(33,397)
TOTAL FUND BALANCES	11,115,289	1,434,814	1,934,612	14,484,715
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,743,367	\$ 2,748,279	\$ 4,377,068	\$ 25,868,714
Total Governmental Fund Balances				\$ 14,484,715

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Cost of the capital assets	\$ 33,189,471	
Less accumulated depreciation	11,198,714	
		21,990,757
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Delinquent personal property taxes receivable, less allowance for doubtful accounts		33,262
Long term capital campaign contributions, less allowance for doubtful accounts		97,299
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation debt		(1,700,000)
Other long-term debt		(2,534,149)
Compensated absences		(874,699)
Accrued interest		(127,819)
Net assets of governmental activities		\$ 31,369,366

CHARTER TOWNSHIP OF DELTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

	General	Paramedic fund (a special revenue fund)	Other governmental funds	Total governmental funds
REVENUES:				
Local sources:				
Property taxes	\$ 7,786,852	\$	\$ 758,961	\$ 8,545,813
Paramedic levy		1,251,780		1,251,780
Licenses and permits	807,690			807,690
Charges for services	1,481,499		167,638	1,649,137
Investment earnings	690,705	99,875	81,879	872,459
Rental income	39,541			39,541
Local grants	41,114			41,114
Contributions			133,682	133,682
Other	424,948		19,573	444,521
Total local sources	11,272,349	1,351,655	1,161,733	13,785,737
State sources	2,269,380		26,710	2,296,090
Federal sources	145,787			145,787
Total revenues	13,687,516	1,351,655	1,188,443	16,227,614
EXPENDITURES:				
Current:				
General government	2,726,805			2,726,805
Capital outlay-capital projects fund			210,779	210,779
Public safety	5,564,682			5,564,682
Public works	2,076,905			2,076,905
Health and welfare	1,826,764	35,895		1,862,659
Community and economic development	316,590			316,590
Culture and recreation	1,213,681		631,213	1,844,894
Debt service:				
Principal repayment	297,097		750,000	1,047,097
Interest expense	47,220		52,150	99,370
Total expenditures	14,069,744	35,895	1,644,142	15,749,781
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(382,228)	1,315,760	(455,699)	477,833
OTHER FINANCING SOURCES (USES):				
Drain usage rights - Eaton County	280,196			280,196
Interfund transfers from other funds	1,351,518		476,500	1,828,018
Interfund transfers to other funds	(476,500)	(933,480)	(418,038)	(1,828,018)
Total other financing sources (uses)	1,155,214	(933,480)	58,462	280,196
Net change in fund balances	772,986	382,280	(397,237)	758,029
FUND BALANCES:				
Beginning of year	10,342,303	1,052,534	2,331,849	13,726,686
End of year	\$ 11,115,289	\$ 1,434,814	\$ 1,934,612	\$ 14,484,715

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 758,029
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(1,036,210)
Capital outlay	1,399,856
Realized loss on disposal of fixed assets	(74,989)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable beginning of the year	41,338
Accrued interest payable end of the year	(127,819)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	1,047,097
Drain assessments from Eaton County (long-term debt recorded as an other financing source at the fund level)	(280,196)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Accrued revenue beginning of the year - primarily delinquent personal property taxes	(31,631)
Accrued revenue end of the year - primarily delinquent personal property taxes	33,262
Accrued revenue end of the year - primarily contributions - capital campaign	97,299
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences beginning of the year	820,531
Accrued compensated absences end of the year	(874,699)
Change in net assets of governmental activities	<u><u>\$ 1,771,868</u></u>

CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

ASSETS	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CURRENT ASSETS:			
Cash	\$ 1,490,404	\$ 2,446,364	\$ 3,936,768
Investments	5,658,206	7,506,159	13,164,365
Receivables:			
Accounts		635,690	635,690
Interest	64,754	67,338	132,092
Special assessment - current	47,260	57,422	104,682
Special assessment - interest	9,133	15,124	24,257
Other	8,028	83,285	91,313
Current portion of long-term receivable		16,357	16,357
TOTAL CURRENT ASSETS	7,277,785	10,827,739	18,105,524
NONCURRENT ASSETS:			
Investments:			
Replacement account - temporarily restricted	4,172,734		4,172,734
Replacement account - designated		1,820,545	1,820,545
Deferred charges:			
Tap in charges - deferred	251,447	181,164	432,611
Unamortized bond issuance cost	37,653	454,598	492,251
Special assessment - deferred	27,453	354,112	381,565
Long-term receivable		443,599	443,599
TOTAL NONCURRENT ASSETS	4,489,287	3,254,018	7,743,305
PROPERTY, PLANT AND EQUIPMENT , net of accumulated depreciation	33,598,756	29,874,548	63,473,304
TOTAL ASSETS	45,365,828	43,956,305	89,322,133

LIABILITIES AND NET ASSETS	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CURRENT LIABILITIES:			
Accounts payable	\$ 64,464	\$ 698,200	\$ 762,664
Accrued payroll, taxes and withholdings			
Accrued interest	15,439	122,236	137,675
Customer deposits	68,393	53,135	121,528
Current portion of long-term liabilities	206,870	829,925	1,036,795
Current portion of compensated absences	175,359	25,619	200,978
Contract retainers payable		183,469	183,469
TOTAL CURRENT LIABILITIES	530,525	1,912,584	2,443,109
LONG-TERM LIABILITIES , net of current portion:			
Compensated absences	99,720	18,515	118,235
Other long-term debt	482,311		482,311
Unamortized bond premiums	87,096	268,443	355,539
Revenue bonds payable		3,350,000	3,350,000
General obligation tax bonds	2,072,700	12,737,300	14,810,000
TOTAL LONG-TERM LIABILITIES	2,741,827	16,374,258	19,116,085
TOTAL LIABILITIES	3,272,352	18,286,842	21,559,194
NET ASSETS:			
Invested in capital assets net of related debt	30,787,432	13,143,478	43,930,910
Restricted for capital outlay	4,172,734		4,172,734
Unrestricted	7,133,310	12,525,985	19,659,295
TOTAL NET ASSETS	\$ 42,093,476	\$ 25,669,463	\$ 67,762,939

**CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
YEAR ENDED DECEMBER 31, 2006**

	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
OPERATING REVENUES:			
Charges for services	\$ 3,132,576	\$ 3,742,575	\$ 6,875,151
Capital charges	241,016	135,044	376,060
Hydrant rental		128,660	128,660
Forfeited discounts	48,293	52,957	101,250
Other services charges		115,033	115,033
Other	6,598	29,772	36,370
	<u>3,428,483</u>	<u>4,204,041</u>	<u>7,632,524</u>
OPERATING EXPENSES:			
Costs of sales and services	3,124,595	2,633,652	5,758,247
Depreciation	1,862,620	681,745	2,544,365
	<u>4,987,215</u>	<u>3,315,397</u>	<u>8,302,612</u>
Total operating revenues			
Operating income (loss)	<u>(1,558,732)</u>	<u>888,644</u>	<u>(670,088)</u>
NON-OPERATING REVENUES (EXPENSES):			
Contributions - infrastructure	824,077	1,860,943	2,685,020
Main charges	27,075	70,578	97,653
Investment income - net	561,777	678,915	1,240,692
Interest and fiscal charges	(95,433)	(700,825)	(796,258)
Bond issuance cost	(3,765)	(37,693)	(41,458)
Bond premium	8,710	26,844	35,554
	<u>1,322,441</u>	<u>1,898,762</u>	<u>3,221,203</u>
Total non-operating revenues - net			
Change in net assets	(236,291)	2,787,406	2,551,115
NET ASSETS, beginning of year	<u>42,329,767</u>	<u>22,882,057</u>	<u>65,211,824</u>
NET ASSETS, end of year	<u>\$ 42,093,476</u>	<u>\$ 25,669,463</u>	<u>\$ 67,762,939</u>

**CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006**

	Business-type activities-Enterprise funds		
	Sewer fund	Water fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
ACTIVITIES:			
Receipts from customers and users	\$ 3,132,576	\$ 3,680,707	\$ 6,813,283
Capital charges	241,016	135,044	376,060
Hydrant rental		128,660	128,660
Forfeited discounts	48,293	52,957	101,250
Other services charges		115,033	115,033
Other	6,598	29,772	36,370
Payment to suppliers	(1,290,544)	(1,101,425)	(2,391,969)
Payment to employees	(1,817,650)	(700,853)	(2,518,503)
Payment (receipts) for interfund services	(43,066)	(17,012)	(60,078)
Net cash provided in operating activities	277,223	2,322,883	2,600,106
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Contributions	824,077	1,860,943	2,685,020
Main and tap in charges	40,651	70,260	110,911
Net cash provided by noncapital financing activities	864,728	1,931,203	2,795,931
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest received from special assessments	43,937	51,134	95,071
Proceeds (payments) from special assessments	18,409	76,058	94,467
Proceeds from sale of fixed assets	663	279	942
Principal repayments on debt	(210,545)	(691,250)	(901,795)
Interest (paid) earned on bonds and land contract	(96,084)	(661,816)	(757,900)
Payments for capital acquisitions	(1,867,615)	(6,625,139)	(8,492,754)
Proceeds from the sale of bonds		6,500,000	6,500,000
Bond issuance costs		(132,142)	(132,142)
Net cash used by capital and related financing activities	(2,111,235)	(1,482,876)	(3,594,111)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	530,074	616,992	1,147,066
Sale (purchase) of investments	526,796	(1,724,318)	(1,197,522)
Net cash provided (used) by investing activities	1,056,870	(1,107,326)	(50,456)
NET INCREASE IN CASH	87,586	1,663,884	1,751,470
CASH:			
Beginning of year	1,402,818	782,480	2,185,298
End of year	\$ 1,490,404	\$ 2,446,364	\$ 3,936,768

See notes to financial statements.

**CHARTER TOWNSHIP OF DELTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006**

	<u>Business-type activities-Enterprise funds</u>		
	<u>Sewer fund</u>	<u>Water fund</u>	<u>Total</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSE) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,558,732)	\$ 888,644	\$ (670,088)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	1,862,620	681,745	2,544,365
Gain on the sale of fixed assets	(663)	(279)	(942)
(Increase) decrease in assets:			
Receivables		(61,868)	(61,868)
Due to/from other funds - net	(43,066)	(17,012)	(60,078)
Increase (decrease) in liabilities:			
Accounts payable	625	660,163	660,788
Accrued compensated absences	16,439	5,967	22,406
Customer deposits		(13,734)	(13,734)
Contract retainers payable		179,257	179,257
Net cash provided in operating activities	<u>\$ 277,223</u>	<u>\$ 2,322,883</u>	<u>\$ 2,600,106</u>

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2006**

	Pension trust fund	Other post employment benefit trust fund	Agency fund
	Employee retirement	Retiree health benefits	Tax collection fund
ASSETS			
ASSETS:			
Cash	\$	\$	\$ 1,259,054
Investments	18,877,658	2,096,771	4,800,116
Taxes receivable - delinquent			467,358
Interest receivable			34,657
TOTAL ASSETS	\$ 18,877,658	\$ 2,096,771	\$ 6,561,185
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Undistributed tax collections:			
Current	\$	\$	\$ 6,090,660
Delinquent and other			470,525
TOTAL LIABILITIES			6,561,185
NET ASSETS:			
Held in trust for pension benefits and other purposes	\$ 18,877,658	\$ 2,096,771	\$

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED DECEMBER 31, 2006**

	Pension trust fund	Other post employment benefit trust fund
	Employee retirement	Retiree health benefits
ADDITIONS:		
Investment income - net	\$ 1,759,496	\$ 137,268
Contributions	<u>584,582</u>	<u>312,937</u>
Total additions	2,344,078	450,205
DEDUCTIONS:		
Distributions	<u>126,554</u>	
Change in net assets	2,217,524	450,205
NET ASSETS:		
Beginning of year	<u>16,660,134</u>	<u>1,646,566</u>
End of year	<u><u>\$ 18,877,658</u></u>	<u><u>\$ 2,096,771</u></u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Charter Township of Delta (Township) is incorporated under the provisions of Act 359, P.A. 1947 as amended (Charter Township Act) and is located in mid-Michigan. The Township provides the following services as authorized by its charter; public safety (police and fire), public improvements (streets, sewers, water system, lighting), planning and zoning, recreation and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Unit

The following is a description of the blended component unit:

The Delta Township District Library is a separate governmental entity established by Act 24, Michigan Public Acts of 1989, as amended. The primary purpose of the District Library is to provide library services to the residents of Delta Township including the Waverly Community Schools. The Board of Directors is comprised of a six member board, four appointed by Delta Township and two appointed by Waverly Community Schools. The Township provides significant funding to operate the District Library. The Library is reported as a special revenue fund.

Discretely Presented Component Units

The following is a description of the discretely presented component units:

The Economic Development Corporation of the Charter Township of Delta (EDC) is excluded from the reporting entity - the EDC is a nonstock, nonprofit corporation. The primary purpose of the corporation is to encourage and assist commercial enterprises to locate and expand facilities and services in the Township and to its residents. The corporation is organized pursuant to the State of Michigan, Public Act 338 of 1974, as amended. Members of the Board of Directors of the corporation are appointed by the Township Board of Trustees. The Township Board has the ability to exercise oversight responsibility, specifically in the area of designation of management. The EDC is presented as a discretely presented component unit.

The Brownfield Redevelopment Authority was established in 2002. The Authority has no balances and no activity took place during the year. As a consequence, it is not reported in the financial statements.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary* government is reported separately from its legally separate *component* units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *paramedic fund* is a special revenue fund. It is utilized to account for the Township's ambulance service tax levy.

The government reports the following major proprietary funds:

The water and sewer funds are used to account for the results of operations that provide a service to citizens that are financed primarily by user charges for the provision of that service.

Additionally, the government reports the following nonmajor fund types:

Special revenue funds - The *special revenue funds* account for revenue sources that are legally restricted for specific purpose (not including expendable trusts or major capital projects). The Township's special revenue funds include the improvement revolving, budget stabilization and library (blended component unit) funds.

Capital project fund - The *capital projects fund* accounts for the receipt of general debt proceeds and the acquisition of fixed assets or construction of related major capital projects.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Debt service fund - The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt payable from a property tax debt levy. The Township's only current debt service fund relates to the Central Fire Station

Permanent fund - The Township utilizes the Cemetery Perpetual Care fund to account for principal trust amounts received and related interest.

Additionally, the government reports as fiduciary funds, the employee retirement pension trust fund, post employment benefit trust fund and the tax collection fund (agency fund).

The *pension trust fund* accounts for the activities of the Money Purchase Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.

The other *post employment benefit trust fund* accounts for the accumulated resources related to health benefit payments to qualified retirees.

The *agency fund* is utilized to account for the Township's collection of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for water, sewer and engineering services between the water and sewer funds and other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. The funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments include instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorized the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

The Township's retirement system investments are held in trust by the investment fiduciary, ICMA Retirement Corporation. Michigan Compiled Laws, Section 38.1132, authorizes Delta Township's retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Concluded)

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” and are all current. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Accounts receivable in the proprietary funds do not have an allowance for uncollectibles. Delinquent amounts are ultimately added to the tax roll and become a lien on the property and as a consequence, no allowance is deemed necessary. An allowance is recorded related to delinquent personal property taxes amounting to fifty percent of the total. No other significant allowances are deemed necessary.

3. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Restricted assets relate to amounts restricted for capital improvements by granting agencies.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (sidewalks and usage rights), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Concluded)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful live:

Assets	Years
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	3
Library books	5

6. Compensated Absences

It is the Township's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the Township. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for certain individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to September 1 of each year, a proposed budget is submitted to the Township Board for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to December 31 the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - LEGAL COMPLIANCE - BUDGETS (Concluded)

6. Budgets for general and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the Township Board during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of December 31, 2006, the Township had the following investments.

Investment Type	Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
U.S. Treasury Notes	\$ 3,554,890	4.0106	AAA	12.9%
Commercial Paper	4,140,247	0.1169	A2	15.0%
Commercial Paper	8,676,563	0.1721	A1+	31.5%
U.S. Agency Loans	5,837,150	4.9581	AAA	21.2%
Mortgage Backed Securities:				
U.S. Agency	1,243,836	17.8029	AAA	4.5%
Corporate	1,176,610	4.5442	AA+	4.3%
Other	399,840	20.3014	not rated	1.4%
MBIA External Investment Pool - CLASS	<u>2,556,950</u>	0.0027	not rated	<u>9.2%</u>
Total fair value	<u><u>\$27,586,086</u></u>			<u><u>100.0%</u></u>
Portfolio weighted average maturity		<u><u>2.9287</u></u>		

1 day maturity equals 0.0027, on year equals 1.00

The Township voluntarily invests excess funds in pooled short term investment funds which included money market funds. One of the pooled investment funds utilized by the Township is MBIA. MBIA is an external pooled investment fund of "qualified" investments for Michigan townships. MBIA is not regulated nor is it registered with the SEC. MBIA reports as of December 31, 2006, the fair value of the Township's investments is the same as the value of the pool shares.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2006, \$17,297,106 of the Township's bank balance of \$17,830,856 was exposed to custodial credit risk because it was uninsured and uncollateralized. Certificate of deposits and money market accounts are included in the above totals. The balance of \$20,394,561 is reported as deposits on the financial statements as of December 31, 2006.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

The above amounts as previously reported in Note 3:

Deposits	\$ 20,394,561
Investments	<u>27,586,086</u>
	<u><u>\$ 47,980,647</u></u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The above amounts are reported in the financial statements as follows:

Cash:	
Township wide	\$ 7,925,357
Component unit - Economic Development Corporation	167,429
Restricted cash - capital campaign	49,883
Tax collection fund (a fiduciary fund)	1,259,054
Investments:	
Township wide	27,785,529
Township wide temporarily restricted	4,172,734
Township wide designated	1,820,545
Tax collection fund (a fiduciary fund)	4,800,116
	<hr/>
	\$ 47,980,647
	<hr/>

Pension and post employment benefits

The Township of Delta's Pension and Other Post Employment Benefit Trust Funds (the "trust funds" or the "System") investments are maintained separately from the Township's pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosure for the System's deposits and investments are presented separately.

Deposits - The System does not maintain any checking or other demand/time deposit accounts.

Investments – The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1985, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The System has the responsibility and authority to oversee the investment portfolio. A professional investment manager is contracted to assist in managing the System's assets. All investment decisions are subject to Michigan law and the investment policy established by the System.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND INVESTMENTS (Concluded)

The System's investments are held with an insurance company administered trust fund. Following is a summary of the System's investments as of December 31, 2006:

	Other post employment benefit trust fund	Pension Trust Fund
	<hr/>	<hr/>
Balanced funds	\$ 2,096,771	\$ 3,028,174
U.S. Stock funds		10,684,408
Stable Value funds		4,402,800
Bond funds		268,173
International Stock funds		494,103
	<hr/>	<hr/>
	<u><u>\$ 2,096,771</u></u>	<u><u>\$ 18,877,658</u></u>

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

The capital assets are as follows:

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,649,130	\$ 36,630	\$ 30,377	\$ 5,655,383
Work in process	29,625	210,779		240,404
Total capital assets, not being depreciated	<u>5,678,755</u>	<u>247,409</u>	<u>30,377</u>	<u>5,895,787</u>
Capital assets, being depreciated:				
Buildings and building equipment	10,267,596			10,267,596
Land improvements and sidewalks	3,833,522	155,405		3,988,927
Vehicles	736,984	41,815	49,262	729,537
Flowage rights	6,573,466	280,196		6,853,662
Equipment	<u>5,009,018</u>	<u>675,031</u>	<u>230,087</u>	<u>5,453,962</u>
Total capital assets, being depreciated	<u>26,420,586</u>	<u>1,152,447</u>	<u>279,349</u>	<u>27,293,684</u>
Less accumulated depreciation for:				
Buildings and building equipment	3,831,169	171,793		4,002,962
Land improvements	2,026,231	150,053		2,176,284
Vehicles	447,233	93,110	49,262	491,081
Flowage rights	665,711	171,342		837,053
Equipment	<u>3,426,897</u>	<u>449,912</u>	<u>185,475</u>	<u>3,691,334</u>
Total accumulated depreciation	<u>10,397,241</u>	<u>1,036,210</u>	<u>234,737</u>	<u>11,198,714</u>
Total capital assets, being depreciated, net	<u>16,023,345</u>	<u>116,237</u>	<u>44,612</u>	<u>16,094,970</u>
Total	<u><u>\$ 21,702,100</u></u>	<u><u>\$ 363,646</u></u>	<u><u>\$ 74,989</u></u>	<u><u>\$ 21,990,757</u></u>

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS (Continued)

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
Primary government:				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 744,144	\$	\$	\$ 744,144
Construction in progress	845,613	5,322,776	1,612,806	4,555,583
Total capital assets, not being depreciated	1,589,757	5,322,776	1,612,806	5,299,727
Capital assets, being depreciated:				
Buildings and building equipment	26,721,365	15,040	1,576	26,734,829
Land improvements/sidewalks	59,085			59,085
Equipment	2,181,161	79,479	127,884	2,132,756
Sewer and water mains	64,168,229	4,688,182	60,839	68,795,572
Total capital assets, being depreciated	93,129,840	4,782,701	190,299	97,722,242
Less accumulated depreciation for:				
Buildings and building equipment	16,829,174	1,043,205	1,576	17,870,803
Land improvements/sidewalks	27,650	5,401		33,051
Equipment	1,508,663	150,751	127,884	1,531,530
Sewer and water mains	18,829,112	1,345,008	60,839	20,113,281
Total accumulated depreciation	37,194,599	2,544,365	190,299	39,548,665
Total capital assets, being depreciated, net	55,935,241	2,238,336		58,173,577
Total	\$ 57,524,998	\$ 7,561,112	\$ 1,612,806	\$ 63,473,304

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS (Concluded)

Depreciation expense was charged to functions/programs of the primary government at December 31, 2006 as follows:

Governmental activities:		
General government	\$	159,507
Public safety		248,709
Public works		336,896
Health and welfare		57,239
Community and economic development		523
Culture and recreation		233,336
		<hr/>
Total depreciation expense - governmental activities	\$	<u><u>1,036,210</u></u>
Business type activities:		
Water	\$	681,745
Sewer		1,862,620
		<hr/>
Total depreciation expense - business-type activities	\$	<u><u>2,544,365</u></u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances as of December 31, 2006 is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Special revenue	\$ 150,365 Capital projects	<u><u>\$ 150,365</u></u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS (Concluded)

The outstanding balances between funds result mainly from the special revenue fund paying for construction of the library and the capital project fund will reimburse. The special revenue fund expects to collect in the subsequent year.

Interfund transfers:

	Transfer in	
Transfer out:	General fund	Nonmajor special revenue
General fund	\$	\$ 476,500
Major special revenue	933,480	
Nonmajor special revenue	409,500	
Cemetary perpetual care fund	8,538	
	\$ 1,351,518	\$ 476,500

Transfers are used to 1) move revenues from the fund with collection authorization to the general fund for reimbursement of expenses incurred on behalf of the paramedic fund, 2) move funds for purchase of capital outlay, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

NOTE 6 - LONG-TERM DEBT

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$16,275,000. During 2006 the Township issued \$6,500,000 of general obligation bonds for the purpose of construction and improvements to the Township's water supply system.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM DEBT (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 15-year or 20-year serial bonds with differing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Governmental activities	2.50%	\$ 1,700,000
Business-type activities	2.5% - 5.0%	15,695,000
		<u>\$ 17,395,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year ending December 31</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 800,000	\$ 32,500	\$ 885,000	\$ 618,525
2008	900,000	11,250	880,000	592,763
2009			1,030,000	561,764
2010			1,020,000	526,426
2011			1,170,000	486,388
2012 - 2016			6,610,000	1,619,270
2017 - 2021			2,050,000	625,788
2022 - 2025			2,050,000	170,175
	<u>\$ 1,700,000</u>	<u>\$ 43,750</u>	<u>\$ 15,695,000</u>	<u>\$ 5,201,099</u>

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Wastewater treatment Water fund	5.00% - 6.00%	<u>\$ 3,475,000</u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM DEBT (Continued)

Revenue bond debt service requirements to maturity are as follows:

Year ending December 31	Business-type activities	
	Principal	Interest
2007	\$ 125,000	\$ 195,524
2008	150,000	189,124
2009	175,000	181,400
2010	175,000	172,225
2011	200,000	163,000
2012 - 2016	1,200,000	643,414
2017 - 2020	1,450,000	219,626
	<u>\$ 3,475,000</u>	<u>\$ 1,764,313</u>

Other Long-Term Debt

The government issued an installment note to provide funds for the acquisition of a fire truck. The original amount issued in prior years was \$633,130. The installment note outstanding at year end is as follow:

Purpose	Interest rate	Amount
Governmental activities	4.80%	<u>\$ 253,252</u>

The government is assessed for drains at large by Eaton County. The assessment covers the Township's share of installation and usage rights for the drains. General assessment outstanding at year end are as follows:

Purpose	Interest rate	Amount
Governmental activities	4.90% - 7.02%	\$ 2,280,897
Business type activities	5.25%	<u>509,106</u>
		<u>\$ 2,790,003</u>

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM DEBT (Continued)

Installment notes and general assessment debt service requirements are as follows:

Year ending December 31	Governmental activities Installment notes		General assessment	
	Principal	Interest	Principal	Interest
2007	\$ 253,252	\$ 12,158	\$ 236,022	\$ 121,174
2008			151,497	107,876
2009			149,997	99,821
2010			148,747	92,528
2011			148,747	83,923
2012 - 2016			641,700	304,189
2017 - 2021			482,647	157,799
2022 - 2025			321,540	42,202
	<u>\$ 253,252</u>	<u>\$ 12,158</u>	<u>\$ 2,280,897</u>	<u>\$ 1,009,512</u>

Year ending December 31	Business type activities General assessment	
	Principal	Interest
2007	\$ 26,795	\$ 26,728
2008	26,795	25,321
2009	26,795	23,915
2010	26,795	22,736
2011	26,795	21,101
2012 - 2016	133,975	84,404
2017 - 2021	133,975	49,236
2022 - 2025	107,181	14,068
	<u>\$ 509,106</u>	<u>\$ 267,509</u>

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM DEBT (Concluded)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 2,450,000	\$	\$ 750,000	\$ 1,700,000	\$ 800,000
Other long-term debt	2,551,050	280,196	297,097	2,534,149	489,274
Compensated absences	820,531	54,168		874,699	568,245
	<u>\$ 5,821,581</u>	<u>\$ 334,364</u>	<u>\$ 1,047,097</u>	<u>\$ 5,108,848</u>	<u>\$ 1,857,519</u>
Business-type activities:					
Bonds payable:					
General obligation	\$ 9,945,000	\$ 6,500,000	\$ 750,000	\$ 15,695,000	\$ 885,000
Revenue bonds	3,600,000		125,000	3,475,000	125,000
Other long-term debt	535,901		26,795	509,106	26,795
Add:					
Bond premiums	391,093		35,554	355,539	
	14,471,994	6,500,000	937,349	20,034,645	1,036,795
Compensated absences	296,807	22,406		319,213	200,978
	<u>\$ 14,768,801</u>	<u>\$ 6,522,406</u>	<u>\$ 937,349</u>	<u>\$ 20,353,858</u>	<u>\$ 1,237,773</u>

NOTE 7 - PROPERTY TAX REVENUE

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, community college and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred revenue. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PROPERTY TAX REVENUE (Concluded)

The Township is permitted by state statute to levy taxes up to \$5.00 per \$1,000 of taxable valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. In addition, the residents of the Township have approved an additional \$1.00 per \$1,000 specifically for the operation of the paramedic operations, an additional \$1.00 per \$1,000 specifically for the construction of a library, and an additional \$1.00 per \$1,000 specifically for improvements of the fire department. In 2006, the Township levied \$4.9287 per \$1,000 for general governmental purposes, \$0.9896 per \$1,000 for the paramedic operation, \$1.0000 per \$1,000 for the library, and \$0.6000 per \$1,000 for the fire department improvements for a total of \$7.5183 per \$1,000.

NOTE 8 - PENSION PLANS

Money Purchase Retirement Plan

The Charter Township of Delta has a Money Purchase Retirement Plan which was established on January 1, 1971. This defined contribution plan covers all full time employees and elected officials who have attained the age of eighteen years. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus results of investments transactions. The Plan assets are invested by ICMA Retirement Corporation who is the trustee of the Plan. The Township acts as a public plan sponsor for the retirement plan. Partial vesting occurs after three years of service at 20% and increases 20% per year until full vesting occurs at seven years of service. The Township contributes 12.5% of the employees' base annual compensation, based on the contribution provisions set up in the plan and trust agreement. The Township's total payroll was \$7,318,658 in 2006. The base salary amounted to \$4,766,656. The Township made the required contributions of \$584,582. No significant employee contributions were made. Plan provisions and contribution requirements are established and may be amended by the Township.

Deferred compensation plan

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all Township employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Plan assets are held in trust for the exclusive benefit of participating employees and are not assessable by the government or its creditors.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION PLANS (Continued)

Defined Benefit Plan

a. Plan Description

On July 1, 1994, the Township and its firefighters union elected to place the union firefighters into the Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS). The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the State of Michigan. The Township has no administrative responsibility for the plan. The Municipal Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing Municipal Employee Retirement Systems of Michigan, Lansing, Michigan 48917 or calling (517) 622 - 4401.

b. Funding Policy

The Plan provides for vesting of benefits after 10 years of credited service. Participants may elect normal retirement at age 60 with 10 or more years of service. The Plan also provides for early retirement at age 55 with 15 or more years of service, and at age 50 with 25 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of the firefighters union are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 1% to 2.5% of the member's final average compensation (F.A.C.) up to a maximum of 80% of F.A.C. subject to certain limitations. The retirement allowance is reduced 1/2% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The Plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary, until such time as the contributions exceed 9% of covered payroll whereon the Township is directed to make withholdings from salaries and wages of eligible employees and forward these to MERS. The MERS' actuary uses the entry age normal actuarial cost method.

The Township's pension cost for fiscal years ending December 31, 2006 and 2005 was \$145,272 and \$137,400, respectively. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method.

The significant actuarial assumptions to be used to compute the actuarial accrued liabilities are as follows: (1) the entry age normal actuarial cost method of valuation was used in determining age and service benefit liabilities and normal cost; (2) an 8% rate of return on investment of present and future assets was used based on estimated long-term yield considering (a) the nature and mix of current and expected investments; and (b) the basis used to value those assets; (3) projected salary increases are based on 4.5% raises for merit, seniority, and inflation rate allowances. Benefits will not increase after retirement except that some participants will receive cost of living allowances. Unfunded accrued liabilities are amortized over a 34 year period reduced by one year until it reaches 30.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION PLANS (Concluded)

c. Trend Information

Year ending December 31,	Annual pension cost	Percentage of annual pension cost contributed	Net pension obligation
2004	\$ 132,228	100%	
2005	137,400	100%	
2006	145,272	100%	

d. Plan Membership

As of December 31 the Plan membership consisted of:

	2006	2005
Active employees	30	30
Inactive vested members	2	2
Retirees and beneficiaries currently receiving benefits	8	8
	<u>40</u>	<u>40</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits and deferred compensation plan described in Note 8, the Township provides post employment health care benefits to all employees who retire from the Township with a minimum ten years of service based on the schedule of shared participation rates. The Township's share of costs ranges from 25% for those employees with ten years of service to 100% for those with 25 years of service. The expense the Township incurred, which is funded currently, was approximately \$93,413 for the year ending December 31, 2006 and \$78,383 for the year ending December 31, 2005.

The Government Accounting Standards Board has recently released Statement Number 45, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended December 31, 2008.

During 2006 the Township made \$312,937 contribution to a trust fund for other post employment benefits.

**CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - LIMITED OBLIGATION BONDS - ECONOMIC DEVELOPMENT
CORPORATION**

The Corporation acts as a liaison between companies seeking financing and financial institutions in an effort to further the economic development of the Township. In performing this function, the corporation becomes a party in the financing agreements. The resulting debt of the developer is serviced directly by the financial institution. Under the bond agreements, the liability of the corporation upon the default of the debtor, is limited to the underlying value of the property. Under these arrangements, the corporation has no additional responsibility of repayment.

At December 31, 2006 and 2005, there was no outstanding value of the long-term financing bonds receivable and bonds payable incurred in the aforementioned manner.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Township and its component unit are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township and its component unit carry commercial insurance to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage in 2006 or any of the prior three years.

There are various claims and legal actions pending against the Township, many of which are either partially or fully covered by insurance. The Township is defending against these actions. In the opinion of Township management, the ultimate amount of loss, if any, resulting from these claims and legal actions will not be material to the financial position of the Township.

**NOTE 12 - NATURE AND PURPOSE OF RESERVATIONS AND DESIGNATIONS OF
FUND BALANCE**

Reservations in the enterprise fund represent amounts set aside for debt retirement and capital improvement. The amount of the reservation is based on the excess of restricted investments over related liabilities.

Designations in the general fund exist for compensated absences, roads, retiree health insurance, non-motorized transportation, and the manufacturing enhancement fund.

CHARTER TOWNSHIP OF DELTA
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - BUILDING DEPARTMENT

The Township records the results of building department operations in the general fund. In accordance with Michigan Public Act 245 of 1999, the Township is required to maintain an accounting system that separately accumulates revenues and expenditures related to the building department function. For the year ended December 31, 2006 building department revenues were \$596,414 and expenditures were \$745,033.

NOTE 14 - USE OF ESTIMATES

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 15 - LIBRARY EXPANSION

During 2006 the Township's residents approved a library operating millage. The Township is currently planning to construct a new library. The operating millage will be utilized to fund bond and interest redemption and provide operating resources for the library.

NOTE 16 - FUND DEFICIT

The capital projects fund had a fund balance deficit at year end of \$33,397. This arose from preliminary expenditures related to the construction of the new library. The Township has approved a bond issue to fund the project.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
REVENUES:				
Taxes	\$ 7,664,662	\$ 7,664,662	\$ 7,786,852	\$ 122,190
Licenses and permits	936,600	936,600	807,690	(128,910)
Charges for services	2,040,350	2,040,350	1,481,499	(558,851)
Investment income - net	220,000	564,000	690,705	126,705
Rental income	35,500	35,500	39,541	4,041
Local grants	60,000	60,000	41,114	(18,886)
Other	406,430	406,430	424,948	18,518
State shared revenue	2,315,075	2,315,075	2,269,380	(45,695)
Federal grants		22,000	145,787	123,787
Total revenues	13,678,617	14,044,617	13,687,516	(357,101)
EXPENDITURES:				
Current:				
General government:				
Legislative - trustees	87,374	87,374	76,775	10,599
Manager	467,867	447,667	387,602	60,065
Assessing	393,586	393,586	364,716	28,870
Clerk	532,875	542,875	468,252	74,623
Treasurer	488,235	533,435	243,360	290,075
Computer	188,780	188,780	149,007	39,773
Township hall and grounds	418,920	418,920	331,020	87,900
General service administration	447,624	634,624	548,479	86,145
Cemetery	166,610	166,610	157,594	9,016
Total general government	3,191,871	3,413,871	2,726,805	687,066
Public safety:				
Law enforcement - police	2,695,661	2,692,161	2,482,579	209,582
Fire	2,367,759	2,389,759	2,329,863	59,896
Emergency operations center	10,950	10,950	7,205	3,745
Protective inspection	748,297	763,797	745,035	18,762
Total public safety	5,822,667	5,856,667	5,564,682	291,985

**CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
EXPENDITURES (Concluded):				
Current:				
Public works:				
Department of public works	\$ 123,913	\$ 123,913	\$ 98,373	\$ 25,540
Drains	102,535	408,535	388,121	20,414
Streets and highways	458,000	693,000	687,928	5,072
Engineering	624,151	624,151	562,916	61,235
Street lighting	382,822	382,822	339,567	43,255
Total public works	<u>1,691,421</u>	<u>2,232,421</u>	<u>2,076,905</u>	<u>155,516</u>
Health and welfare:				
Paramedics	<u>1,903,926</u>	<u>1,903,926</u>	<u>1,826,764</u>	<u>77,162</u>
Community and economic development:				
Planning	353,767	353,767	293,395	60,372
Economic development	<u>59,900</u>	<u>34,900</u>	<u>23,195</u>	<u>11,705</u>
Total community and economic development	<u>413,667</u>	<u>388,667</u>	<u>316,590</u>	<u>72,077</u>
Culture and recreation:				
Parks and recreation	<u>1,257,268</u>	<u>1,257,268</u>	<u>1,213,681</u>	<u>43,587</u>
Debt service	<u>471,547</u>	<u>346,547</u>	<u>344,317</u>	<u>2,230</u>
Total expenditures	<u>14,752,367</u>	<u>15,399,367</u>	<u>14,069,744</u>	<u>1,329,623</u>
OTHER FINANCING SOURCES (USES):				
Drain assessments issued by Eaton County		281,000	280,196	(804)
Interfund transfers in	1,550,250	1,550,250	1,351,518	(198,732)
Interfund transfers out	<u>(476,500)</u>	<u>(476,500)</u>	<u>(476,500)</u>	
Total other financing sources (uses)	<u>1,073,750</u>	<u>1,354,750</u>	<u>1,155,214</u>	<u>(199,536)</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	<u>772,986</u>	<u>\$ 772,986</u>
FUND BALANCE:				
Beginning of year			<u>10,342,303</u>	
End of year			<u>\$ 11,115,289</u>	

**CHARTER TOWNSHIP OF DELTA
BUDGETARY COMPARISON SCHEDULE
PARAMEDIC SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2006**

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
REVENUES:				
Taxes and special assessments	\$ 1,251,907	\$ 1,251,907	\$ 1,251,780	\$ (127)
Investment income - net	15,000	15,000	99,875	84,875
Total revenues	1,266,907	1,266,907	1,351,655	84,748
EXPENDITURES:				
Current:				
Health and welfare		35,895	35,895	
Excess of revenues over expenditures	1,266,907	1,231,012	1,315,760	84,748
OTHER FINANCING SOURCES (USES):				
Interfund transfers out	(1,138,450)	(1,138,450)	(933,480)	204,970
Net change in fund balance	<u>\$ 128,457</u>	<u>\$ 92,562</u>	382,280	<u>\$ 289,718</u>
FUND BALANCE, beginning of year			<u>1,052,534</u>	
FUND BALANCE, end of year			<u>\$ 1,434,814</u>	

CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN FUNDING PROGRESS
FOR THE UNION FIREFIGHTERS RETIREMENT PLAN

The six year historical information required to be disclosed, beginning as of December 31, 2000, is as follows:

Actuarial valuation date	(1) Actuarial value of assets	(2) Actuarial accrued liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded ratio (1) / (2)	(5) Annual covered payroll	(6) UAAL as a % of payroll [(2) - (1)] / (5)
2000	\$ 3,727,275	\$ 3,615,656	\$ (111,619)	103%	\$ 1,324,567	-8%
2001	4,136,167	4,432,288	296,121	93%	1,444,712	20%
2002	4,297,469	4,918,682	621,213	87%	1,338,091	46%
2003	4,688,962	6,166,076	1,477,114	76%	1,470,816	100%
2004	5,004,212	6,844,052	1,839,840	73%	1,526,633	121%
2005	5,421,137	7,403,436	1,982,299	73%	1,614,096	123%

CHARTER TOWNSHIP OF DELTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF PENSION PLAN FUNDING PROGRESS
FOR THE UNION FIREFIGHTERS RETIREMENT PLAN

- A. The Actuarial Accrued Liability was determined as part of an actuarial valuation at December 31, 2005, the most recently filed actuarial valuation report.
- B. The report was based upon the plan's actuarial assumptions described in Note 8. The asset valuation method assumes the funds earn the expected rate of return (8%), and includes an adjustment to reflect market value. For the December 31, 2005 valuation, the actuarial asset value was 102.71% of market value (\$5,421,137).
- C. The amortization method used is level percent of payroll ranging from 20-60 years. The payroll is assumed to increase 4.5% a year for the purpose of determining the level percent contribution.

ADDITIONAL INFORMATION

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
ASSETS:		
Cash	\$ 3,051,060	\$ 1,576,938
Investments	11,666,979	11,630,819
Receivables:		
Accounts	452,934	413,907
Taxes	3,433,155	3,616,412
Interest	88,991	91,952
Due from other funds		69,988
Prepaid expenditures	<u>50,248</u>	<u>87,527</u>
TOTAL ASSETS	<u><u>\$ 18,743,367</u></u>	<u><u>\$ 17,487,543</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 346,774	\$ 175,398
Accrued salaries and related items	290,566	281,486
Customer deposits	103,404	120,921
Deferred revenue	<u>6,887,334</u>	<u>6,567,435</u>
TOTAL LIABILITIES	<u>7,628,078</u>	<u>7,145,240</u>
FUND BALANCE:		
Reserved for prepaid expenditures	50,248	87,527
Designated:		
Compensated absences	853,806	805,047
Roads	1,200,000	1,200,000
Retiree health insurance	750,000	750,000
Non-motorized transportation	300,000	300,000
MEF	190,000	190,000
Unreserved-undesignated	<u>7,771,235</u>	<u>7,009,729</u>
TOTAL FUND BALANCE	<u>11,115,289</u>	<u>10,342,303</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 18,743,367</u></u>	<u><u>\$ 17,487,543</u></u>

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
REVENUES:		
Taxes	\$ 7,786,852	\$ 7,164,970
Licenses and permits	807,690	1,285,177
Charges for services	1,481,499	1,392,237
Investment income - net	690,705	379,110
Rental income	39,541	32,640
Local grants	41,114	47,334
Other	424,948	390,249
State shared revenue	2,269,380	2,311,715
Federal grants	145,787	312,560
	<hr/>	<hr/>
Total revenues	13,687,516	13,315,992
	<hr/>	<hr/>
EXPENDITURES:		
Current:		
General government:		
Legislative - trustees	76,775	78,447
Manager	387,602	440,777
Assessing	364,716	368,119
Clerk	468,252	403,218
Treasurer	243,360	267,064
Computer	149,007	164,476
Township hall and grounds	331,020	327,776
General service administration	548,479	272,290
Cemetery	157,594	159,999
	<hr/>	<hr/>
Total general government	2,726,805	2,482,166
	<hr/>	<hr/>
Public safety:		
Law enforcement - police	2,482,579	2,340,588
Fire	2,329,863	2,400,504
Emergency operations center	7,205	7,111
Protective inspection	745,035	724,653
	<hr/>	<hr/>
Total public safety	5,564,682	5,472,856
	<hr/>	<hr/>

**CHARTER TOWNSHIP OF DELTA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
EXPENDITURES (Concluded):		
Current:		
Public works:		
Recycling	\$ 98,373	\$ 96,474
Drains	388,121	4,749,280
Streets and highways	687,928	371,029
Engineering	562,916	574,822
Street lighting	339,567	380,887
	<u>2,076,905</u>	<u>6,172,492</u>
Health and welfare:		
Paramedics	1,826,764	1,605,433
	<u>1,826,764</u>	<u>1,605,433</u>
Community and economic development:		
Planning	293,395	291,020
Economic development	23,195	
	<u>316,590</u>	<u>291,020</u>
Culture and recreation:		
Parks and recreation	1,213,681	1,157,594
	<u>1,213,681</u>	<u>1,157,594</u>
Debt service	344,317	248,755
	<u>344,317</u>	<u>248,755</u>
Total expenditures	<u>14,069,744</u>	<u>17,430,316</u>
OTHER FINANCING SOURCES (USES):		
Drain assessments issued by Eaton County	280,196	1,668,128
Interfund transfers from other funds	1,351,518	936,891
Interfund transfers to other funds	(476,500)	(464,420)
	<u>1,155,214</u>	<u>2,140,599</u>
Total other financing sources (uses)	<u>1,155,214</u>	<u>2,140,599</u>
Net change in fund balance	772,986	(1,973,725)
FUND BALANCE:		
Beginning of year	10,342,303	12,316,028
End of year	<u>\$ 11,115,289</u>	<u>\$ 10,342,303</u>

**CHARTER TOWNSHIP OF DELTA
2001 GENERAL OBLIGATION DEBT
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2006**

<u>Interest rate</u>	<u>Due April 1</u>	<u>Principal</u>	<u>Interest</u>		<u>Total payment requirements</u>
			<u>April 1</u>	<u>October 1</u>	
2.50	2007	\$ 800,000	\$ 21,250	\$ 11,250	\$ 832,500
2.50	2008	900,000	11,250		911,250
		<u>\$ 1,700,000</u>	<u>\$ 32,500</u>	<u>\$ 11,250</u>	<u>\$ 1,743,750</u>

NOTE: General obligation debt bonds dated September 18, 2001 were issued to provide funds for the construction of the central fire station under the provisions of Public Act 94. Original debt of \$4,990,000.

**CHARTER TOWNSHIP OF DELTA
SCHEDULE OF INSTALLMENT NOTE PAYABLE
YEAR ENDED DECEMBER 31, 2006**

	Fire Truck
	<hr/>
2007	\$ 265,410
Less interest	<u>12,158</u>
	 <u><u>\$ 253,252</u></u>

CHARTER TOWNSHIP OF DELTA
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2006

	Lazell	Waldo & Branches	Armstrong Hills	Clements/ Underhill	Meyers & Henderson	Edwards	Whitney	Carrier Creek	Lora	Watson	Graham	Total
2007	\$ 56,488	\$ 3,193	\$ 1,647	\$ 24,410	\$ 64,363	\$ 2,798	\$ 6,261	\$ 160,569	\$ 10,074	\$ 26,066	\$ 1,327	\$ 357,196
2008	54,315	3,063	1,574			2,710	6,071	156,349	8,617	25,300	1,374	259,373
2009	52,142	2,934				2,623	5,881	152,129	8,270	24,533	1,305	249,817
2010	49,970	2,804				2,537	5,691	148,595	7,912	23,767		241,276
2011	47,797	2,675				2,448	5,501	143,688	7,560	23,000		232,669
2012	45,624	2,545				2,361	5,311	139,468	7,208	22,233		224,750
2013	43,451	2,416				2,274	5,121	135,248	6,856	21,467		216,833
2014	41,279	2,287				2,187	4,931	131,028		20,700		202,412
2015						2,099	4,740	126,808		19,933		153,580
2016						2,012	4,550	122,587		19,167		148,316
2017						1,924	4,360	118,367		18,400		143,051
2018						1,837	4,170	114,147		17,633		137,787
2019						1,750	3,980	109,927		16,867		132,524
2020							3,790	105,706		16,100		125,596
2021								101,486				101,486
2022								97,266				97,266
2023								93,046				93,046
2024								88,826				88,826
2025								84,605				84,605
	391,066	21,917	3,221	24,410	64,363	29,560	70,358	2,329,845	56,497	295,166	4,006	3,290,409
Less interest	78,218	4,661	221		5,176	7,945	19,958	802,528	10,050	80,499	256	1,009,512
	<u>\$ 312,848</u>	<u>\$ 17,256</u>	<u>\$ 3,000</u>	<u>\$ 24,410</u>	<u>\$ 59,187</u>	<u>\$ 21,615</u>	<u>\$ 50,400</u>	<u>\$ 1,527,317</u>	<u>\$ 46,447</u>	<u>\$ 214,667</u>	<u>\$ 3,750</u>	<u>\$ 2,280,897</u>

Note: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowner, Delta Township, and the Eaton County Drain Commission share the cost of installment. Delta Township is assessed yearly for their share of the cost plus interest on the outstanding balance. Interest rates charged to the different projects range from 4.90% to 7.02%.

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

ASSETS	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash	\$ 296,449	\$ 124,728
Investments	1,130,205	920,968
Receivables:		
Taxes	1,313,465	1,251,733
Interest	<u>8,160</u>	<u>6,837</u>
TOTAL ASSETS	<u><u>\$ 2,748,279</u></u>	<u><u>\$ 2,304,266</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Deferred revenue	\$ 1,313,465	\$ 1,251,732
FUND BALANCE:		
Unreserved, undesignated	<u>1,434,814</u>	<u>1,052,534</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 2,748,279</u></u>	<u><u>\$ 2,304,266</u></u>

**CHARTER TOWNSHIP OF DELTA
PARAMEDIC FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
REVENUES:		
Taxes and special assessments	\$ 1,251,780	\$ 1,206,111
Investment income - net	<u>99,875</u>	<u>45,687</u>
Total revenues	1,351,655	1,251,798
EXPENDITURES:		
Current:		
Health and welfare	<u>35,895</u>	<u>179,435</u>
Excess of revenues over expenditures	1,315,760	1,072,363
OTHER FINANCING SOURCES (USES):		
Interfund transfers out	<u>(933,480)</u>	<u>(809,154)</u>
Net change in fund balance	382,280	263,209
FUND BALANCE:		
Beginning of year	<u>1,052,534</u>	<u>789,325</u>
End of year	<u><u>\$ 1,434,814</u></u>	<u><u>\$ 1,052,534</u></u>

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Improvement Revolving Fund - The general fund transfers amounts annually to the fund which may only be utilized for capital improvements. This fund is utilized pursuant to Michigan law.

Budget Stabilization Fund - This fund is established to maintain funds the Township may need in times of budget short fall. This fund is established and limited pursuant to Michigan law.

Library Fund - The library fund is established to operate the Township library. The fund is a blended component unit.

Capital Projects Fund

Capital Projects Fund - This fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Debt Service Fund

Debt Service Fund - The Township maintains a debt service fund to account for resources accumulated and payments made related to debt related to the Central Fire Station.

Permanent Fund

Cemetery Perpetual Care Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

**CHARTER TOWNSHIP OF DELTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

				<u>Permanent fund</u>	
	<u>Special revenue</u>	<u>Capital projects</u>	<u>Debt service</u>	<u>Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
ASSETS					
ASSETS:					
Cash	\$ 352,301	\$ 35,994	\$ 213,109	\$ 39,676	\$ 641,080
Investments	1,535,495	137,226		151,259	1,823,980
Receivables:					
Accounts	97,332				97,332
Taxes	798,539		796,353		1,594,892
Interest	8,508	991		1,092	10,591
Due from other funds	150,365				150,365
Prepaid expenditures	8,945				8,945
Restricted cash - capital campaign	49,883				49,883
TOTAL ASSETS	<u><u>\$ 3,001,368</u></u>	<u><u>\$ 174,211</u></u>	<u><u>\$ 1,009,462</u></u>	<u><u>\$ 192,027</u></u>	<u><u>\$ 4,377,068</u></u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 13,934	\$ 57,243	\$	\$	\$ 71,177
Due to other funds		150,365			150,365
Deferred revenue	1,424,561		796,353		2,220,914
TOTAL LIABILITIES	<u>1,438,495</u>	<u>207,608</u>	<u>796,353</u>		<u>2,442,456</u>
FUND BALANCES:					
Restricted for capital outlay	49,883				49,883
Reserved for prepaid expenditures	8,945				8,945
Reserved for debt service			213,109		213,109
Reserved for perpetual care				192,027	192,027
Designated:					
Compensated absences	20,893				20,893
Unreserved, undesignated	1,483,152	(33,397)			1,449,755
TOTAL FUND BALANCES (DEFICIT)	<u>1,562,873</u>	<u>(33,397)</u>	<u>213,109</u>	<u>192,027</u>	<u>1,934,612</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,001,368</u></u>	<u><u>\$ 174,211</u></u>	<u><u>\$ 1,009,462</u></u>	<u><u>\$ 192,027</u></u>	<u><u>\$ 4,377,068</u></u>

**CHARTER TOWNSHIP OF DELTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006**

	<u>Special revenue</u>	<u>Capital projects</u>	<u>Debt service</u>	<u>Permanent fund Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
REVENUES:					
Local sources:					
Property taxes	\$	\$	\$ 758,961	\$	\$ 758,961
Investment earnings	55,709	7,675	9,957	8,538	81,879
Charges for services	167,638				167,638
Contributions	133,682				133,682
Other	6,640			12,933	19,573
Total local sources	363,669	7,675	768,918	21,471	1,161,733
State sources	26,710				26,710
Total revenues	390,379	7,675	768,918	21,471	1,188,443
EXPENDITURES:					
Current:					
Culture and recreation	631,213				631,213
Debt service:					
Principal repayment			750,000		750,000
Interest expense			52,150		52,150
Capital outlay		210,779			210,779
Total expenditures	631,213	210,779	802,150		1,644,142
EXCESS OF REVENUES OVER EXPENDITURES	(240,834)	(203,104)	(33,232)	21,471	(455,699)
OTHER FINANCING SOURCES (USES):					
Interfund transfers from other funds	476,500				476,500
Interfund transfers to other funds	(409,500)			(8,538)	(418,038)
Total other financing sources (uses)	67,000			(8,538)	58,462
Net change in fund balances	(173,834)	(203,104)	(33,232)	12,933	(397,237)
FUND BALANCES (DEFICIT):					
Beginning of year	1,736,707	169,707	246,341	179,094	2,331,849
End of year	<u>\$ 1,562,873</u>	<u>\$ (33,397)</u>	<u>\$ 213,109</u>	<u>\$ 192,027</u>	<u>\$ 1,934,612</u>

**CHARTER TOWNSHIP OF DELTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006
(with comparative totals for December 31, 2005)**

ASSETS	Improvement revolving fund	Budget stabilization fund	Library fund	Totals	
				2006	2005
Cash	\$ 184,453	\$ 92,975	\$ 74,873	\$ 352,301	\$ 207,759
Investments	703,222	357,025	475,248	1,535,495	1,536,238
Receivables:					
Accounts			97,332	97,332	
Taxes			798,539	798,539	
Interest	5,077		3,431	8,508	8,459
Due from other funds			150,365	150,365	
Prepaid expenditures			8,945	8,945	8,000
Restricted cash - capital campaign			49,883	49,883	
TOTAL ASSETS	\$ 892,752	\$ 450,000	\$ 1,658,616	\$ 3,001,368	\$ 1,760,456
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$	\$	\$ 13,934	\$ 13,934	\$ 13,103
Accrued salaries and related items					736
Due to other funds					9,910
Deferred revenue			1,424,561	1,424,561	
TOTAL LIABILITIES			1,438,495	1,438,495	23,749
FUND BALANCES:					
Restricted for capital outlay			49,883	49,883	
Reserved for prepaid expenditures			8,945	8,945	8,000
Designated:					
Compensated absences			20,893	20,893	15,484
Unreserved, undesignated	892,752	450,000	140,400	1,483,152	1,713,223
TOTAL FUND BALANCES	892,752	450,000	220,121	1,562,873	1,736,707
TOTAL LIABILITIES AND FUND BALANCES	\$ 892,752	\$ 450,000	\$ 1,658,616	\$ 3,001,368	\$ 1,760,456

CHARTER TOWNSHIP OF DELTA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2006
(with comparative totals for the year ended December 31, 2005)

	Improvement revolving fund	Budget stabilization fund	Library fund	Totals	
				2006	2005
REVENUES:					
State aid	\$	\$	\$ 26,710	\$ 26,710	\$ 26,138
Charges for services			167,638	167,638	152,233
Investment income - net	48,378		7,331	55,709	31,537
Contributions			133,682	133,682	21,703
Other			6,640	6,640	3,335
Total revenues	48,378		342,001	390,379	234,946
EXPENDITURES:					
Current:					
Culture and recreation			631,213	631,213	562,192
Excess (deficiency) of revenues over expenditures	48,378		(289,212)	(240,834)	(327,246)
OTHER FINANCING SOURCES (USES):					
Interfund transfers from other funds	116,500		360,000	476,500	464,420
Interfund transfers to other funds	(409,500)			(409,500)	(123,500)
Total other financing sources (uses)	(293,000)		360,000	67,000	340,920
Net change in fund balances	(244,622)		70,788	(173,834)	13,674
FUND BALANCES:					
Beginning of year	1,137,374	450,000	149,333	1,736,707	1,723,033
End of year	\$ 892,752	\$ 450,000	\$ 220,121	\$ 1,562,873	\$ 1,736,707

**CHARTER TOWNSHIP OF DELTA
BUDGETARY COMPARISION SCHEDULE
IMPROVEMENT REVOLVING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2006**

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
REVENUES:				
Investment income - net	\$ 15,000	\$ 15,000	\$ 48,378	\$ 33,378
OTHER FINANCING SOURCES (USES):				
Interfund transfers in	116,500	116,500	116,500	
Interfund transfers out	(409,500)	(409,500)	(409,500)	
Total other financing sources (uses)	(293,000)	(293,000)	(293,000)	
Net change in fund balance	<u>\$ (278,000)</u>	<u>\$ (278,000)</u>	(244,622)	<u>\$ 33,378</u>
FUND BALANCE:				
Beginning of year			<u>1,137,374</u>	
End of year			<u>\$ 892,752</u>	

**CHARTER TOWNSHIP OF DELTA
BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2006**

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
REVENUES:				
State aid	\$ 26,000	\$ 26,000	\$ 26,710	\$ 710
Charges for services	148,600	157,600	167,638	10,038
Investment income - net	1,600	1,600	7,331	5,731
Contributions	3,000	85,200	133,682	48,482
Other	2,500	2,500	6,640	4,140
Total revenues	<u>181,700</u>	<u>272,900</u>	<u>342,001</u>	<u>69,101</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>541,700</u>	<u>632,900</u>	<u>631,213</u>	<u>1,687</u>
Excess (deficiency) of revenues over expenditures	<u>(360,000)</u>	<u>(360,000)</u>	<u>(289,212)</u>	<u>70,788</u>
OTHER FINANCING SOURCES (USES):				
Interfund transfers in	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	
Net change in fund balance	<u>\$</u>	<u>\$</u>	70,788	<u>\$ 70,788</u>
FUND BALANCE:				
Beginning of year			<u>149,333</u>	
End of year			<u>\$ 220,121</u>	

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECTS FUND
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
ASSETS:		
Cash	\$ 35,994	\$ 20,111
Investments	137,226	148,494
Interest receivable	<u>991</u>	<u>1,102</u>
TOTAL ASSETS	<u><u>\$ 174,211</u></u>	<u><u>\$ 169,707</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 57,243	\$
Due to other funds	<u>150,365</u>	<u></u>
TOTAL LIABILITIES	207,608	
FUND BALANCE (DEFICIT):		
Undesignated	<u>(33,397)</u>	<u>169,707</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u><u>\$ 174,211</u></u>	<u><u>\$ 169,707</u></u>

**CHARTER TOWNSHIP OF DELTA
CAPITAL PROJECTS FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
REVENUES:		
Investment income - net	\$ 7,675	\$ 4,180
EXPENDITURES:		
Capital outlay	<u>210,779</u>	<u>13,625</u>
Net change in fund balance	(203,104)	(9,445)
FUND BALANCE (DEFICIT):		
Beginning of year	<u>169,707</u>	<u>179,152</u>
End of year	<u><u>\$ (33,397)</u></u>	<u><u>\$ 169,707</u></u>

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
CENTRAL FIRE STATION
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

	ASSETS	<u>2006</u>	<u>2005</u>
ASSETS:			
Cash		\$ 213,109	\$ 246,341
Taxes receivable		<u>796,353</u>	<u>758,923</u>
TOTAL ASSETS		<u><u>\$ 1,009,462</u></u>	<u><u>\$ 1,005,264</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Deferred revenue		\$ 796,353	\$ 758,923
FUND BALANCE:			
Reserved for debt service		<u>213,109</u>	<u>246,341</u>
TOTAL LIABILITIES AND FUND BALANCE		<u><u>\$ 1,009,462</u></u>	<u><u>\$ 1,005,264</u></u>

**CHARTER TOWNSHIP OF DELTA
DEBT SERVICE FUND
CENTRAL FIRE STATION
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
REVENUE:		
Taxes	\$ 758,961	\$ 755,629
Investment income - net	<u>9,957</u>	<u>6,301</u>
Total revenue	<u>768,918</u>	<u>761,930</u>
EXPENDITURES:		
Principal payments on debt	750,000	700,000
Interest and fiscal charges	<u>52,150</u>	<u>70,275</u>
Total expenditures	<u>802,150</u>	<u>770,275</u>
Net change in fund balance	(33,232)	(8,345)
FUND BALANCE:		
Beginning of year	<u>246,341</u>	<u>254,686</u>
End of year	<u><u>\$ 213,109</u></u>	<u><u>\$ 246,341</u></u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

ASSETS	<u>2006</u>	<u>2005</u>
CURRENT ASSETS:		
Cash	\$ 1,490,404	\$ 1,402,818
Investments	5,658,206	6,366,845
Receivables:		
Interest	64,754	76,894
Special assessment - current	47,260	50,735
Special assessment - interest	9,133	9,227
Other	<u>8,028</u>	<u>5,234</u>
TOTAL CURRENT ASSETS	<u>7,277,785</u>	<u>7,911,753</u>
NONCURRENT ASSETS:		
Investments:		
Replacement account - restricted	4,172,734	3,990,891
Deferred charges:		
Tap in charges - deferred	251,447	265,023
Unamortized bond issuance costs	37,653	41,418
Special assessment - deferred	<u>27,453</u>	<u>45,181</u>
TOTAL NONCURRENT ASSETS	<u>4,489,287</u>	<u>4,342,513</u>
PROPERTY, PLANT, AND EQUIPMENT, net of accumulated depreciation	<u>33,598,756</u>	<u>33,593,844</u>
TOTAL ASSETS	<u><u>\$ 45,365,828</u></u>	<u><u>\$ 45,848,110</u></u>

LIABILITIES AND NET ASSETS	2006	2005
CURRENT LIABILITIES:		
Accounts payable	\$ 64,464	\$ 57,364
Accrued payroll taxes		6,558
Accrued interest	15,439	16,090
Customer deposits	68,393	68,393
Current portion of long-term liabilities	206,870	210,545
Current portion of compensated absences	175,359	162,447
Due to other funds		43,066
TOTAL CURRENT LIABILITIES	530,525	564,463
LONG-TERM LIABILITIES, net of current portion:		
Compensated absences	99,720	96,193
Other long-term debt	482,311	509,106
Unamortized bond premiums	87,096	95,806
General obligation bonds payable	2,072,700	2,252,775
TOTAL LONG-TERM LIABILITIES	2,741,827	2,953,880
TOTAL LIABILITIES	3,272,352	3,518,343
NET ASSETS:		
Invested in capital assets net of related debt	30,787,432	31,076,136
Restricted for capital outlay	4,172,734	3,990,891
Unrestricted	7,133,310	7,262,740
TOTAL NET ASSETS	42,093,476	42,329,767
TOTAL LIABILITIES AND NET ASSETS	\$ 45,365,828	\$ 45,848,110

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES:		
Charges for services	\$ 3,132,576	\$ 2,991,110
Capital charges	241,016	227,897
Forfeited discounts	48,293	40,265
Other	<u>6,598</u>	<u>10,041</u>
Total operating revenues	<u>3,428,483</u>	<u>3,269,313</u>
OPERATING EXPENSES:		
Costs of sales and services	3,124,595	3,294,012
Depreciation	<u>1,862,620</u>	<u>1,759,163</u>
Total operating expenses	<u>4,987,215</u>	<u>5,053,175</u>
Operating loss	<u>(1,558,732)</u>	<u>(1,783,862)</u>
NON-OPERATING REVENUES (EXPENSES):		
Contributions-infrastructure	824,077	739,964
Main charges	27,075	171,914
Investment income - net	561,777	345,144
Interest and fiscal charges	(95,433)	(97,670)
Bond issuance cost	(3,765)	(3,765)
Bond premium	<u>8,710</u>	<u>8,710</u>
Total non-operating revenues - net	<u>1,322,441</u>	<u>1,164,297</u>
Net loss	(236,291)	(619,565)
NET ASSETS:		
Beginning of year	<u>42,329,767</u>	<u>42,949,332</u>
End of year	<u><u>\$ 42,093,476</u></u>	<u><u>\$ 42,329,767</u></u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Operating loss	\$ (1,558,732)	\$ (1,783,862)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,862,620	1,759,163
Gain on disposal of fixed assets	(663)	
Due to/from other funds - net	(43,066)	7,072
Accounts payable	625	25,478
Accrued compensated absences	16,439	9,460
Customer deposits		(17,763)
Total adjustments	1,835,955	1,783,410
Net cash provided (used) by operating activities	277,223	(452)
Cash flows from non-capital financing activities:		
Contributions	824,077	739,964
Main and tap in charges	40,651	222,551
Net cash provided by non-capital financing activities	864,728	962,515
Cash flows for capital and related financing activities:		
Principal repayments on debt	(210,545)	(160,475)
Net interest earned (paid) on bonds	(96,084)	(98,205)
Payments for capital acquisitions	(1,867,615)	(3,078,467)
Proceeds from special assessments	18,409	5,761
Interest received from special assessments	43,937	35,898
Proceeds from flowage rights		535,901
Proceeds from the sale of fixed assets	663	
Net cash used by capital and related financing activities	(2,111,235)	(2,759,587)
Cash flows from investing activities:		
Interest received from investments	530,074	290,049
Purchase/proceeds of investments	526,796	(1,552,313)
Net cash provided (used) by investing activities	1,056,870	(1,262,264)
NET INCREASE (DECREASE) IN CASH	87,586	(3,059,788)
CASH:		
Beginning of year	1,402,818	4,462,606
End of year	\$ 1,490,404	\$ 1,402,818

CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Salaries and wages	\$ 1,251,851	\$ 1,252,597
Payroll taxes	92,541	95,733
Employee fringe benefits	349,214	559,113
Pension expense	140,483	137,181
Office supplies	15,004	11,707
Chemicals	186,509	158,972
Supplies	37,554	35,158
Maintenance of plant	43,853	68,477
Maintenance of equipment	165,227	174,605
Accounting and auditing	143,564	153,254
Administrative fees	100,000	100,000
Contracted services	28,435	38,469
Engineering	56,096	29,009
Collection fees	563	536
Telephone	11,509	9,324
Transportation	32,568	26,325
Insurance	220,897	230,278
Utilities	230,768	203,173
Miscellaneous	17,959	10,101
	<u>\$ 3,124,595</u>	<u>\$ 3,294,012</u>

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2006**

Delta Township Bonds
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2007	2.500 %	\$ 180,075	\$ 46,317	\$ 44,066	\$ 90,383	\$ 270,458
2008	3.000 %	178,850	44,066	41,384	85,450	264,300
2009	3.250 %	203,350	41,384	38,079	79,463	282,813
2010	3.500 %	200,900	38,079	34,563	72,642	273,542
2011	3.750 %	225,400	34,563	30,337	64,900	290,300
2012	3.875 %	225,400	30,337	25,970	56,307	281,707
2013	5.000 %	248,675	25,970	19,753	45,723	294,398
2014	5.000 %	252,350	19,753	13,444	33,197	285,547
2015	5.000 %	268,275	13,444	6,738	20,182	288,457
2016	5.000 %	269,500	6,738		6,738	276,238
		<u>\$ 2,252,775</u>	<u>\$ 300,651</u>	<u>\$ 254,334</u>	<u>\$ 554,985</u>	<u>\$ 2,807,760</u>

NOTE: The general obligation limited tax bonds were issued by the Charter Township of Delta on April 24, 2003 for the purpose of construction of sewer projects. Original amount was \$2,762,375.

**CHARTER TOWNSHIP OF DELTA
SEWER FUND
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2006**

	<u>Carrier Creek</u>
2007	\$ 53,523
2008	52,116
2009	50,710
2010	49,532
2011	47,896
2012	46,489
2013	45,083
2014	43,676
2015	42,269
2016	40,862
2017	39,456
2018	38,049
2019	36,642
2020	35,235
2021	33,829
2022	32,422
2023	31,015
2024	29,609
2025	<u>28,202</u>
	776,615
Less interest	<u>267,509</u>
	<u><u>\$ 509,106</u></u>

NOTE: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowners, Delta Township, and the Eaton County Drain Commission share the cost of installment. Delta Township is assessed yearly for their share of the cost plus interest on the outstanding balance. The interest rate charged to the Sewer Fund's share of the Carrier Creek project is 5.25%.

**CHARTER TOWNSHIP OF DELTA
WATER FUND
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

ASSETS	<u>2006</u>	<u>2005</u>
CURRENT ASSETS:		
Cash	\$ 2,446,364	\$ 782,480
Investments	7,506,159	5,861,178
Receivables:		
Customer accounts	635,690	555,312
Interest	67,338	54,823
Special assessment - current	57,422	65,814
Special assessment - interest	15,124	16,851
Other	83,285	88,098
Current portion of long-term receivable	<u>16,357</u>	<u>13,697</u>
TOTAL CURRENT ASSETS	<u>10,827,739</u>	<u>7,438,253</u>
NONCURRENT ASSETS:		
Investments:		
Replacement account	1,820,545	1,741,208
Deferred charges:		
Water tap charges - deferred	181,164	180,846
Unamortized bond issuance costs	454,598	360,149
Special assessments - deferred	354,112	421,778
Long-term receivable	<u>443,599</u>	<u>459,955</u>
TOTAL NONCURRENT ASSETS	<u>3,254,018</u>	<u>3,163,936</u>
PROPERTY, PLANT AND EQUIPMENT,		
less accumulated depreciation	<u>29,874,548</u>	<u>23,931,154</u>
TOTAL ASSETS	<u><u>\$ 43,956,305</u></u>	<u><u>\$ 34,533,343</u></u>

LIABILITIES AND NET ASSETS	2006	2005
CURRENT LIABILITIES:		
Accounts payable	\$ 698,200	\$ 36,765
Accrued payroll, taxes and withholdings		1,272
Accrued interest	122,236	83,227
Customer deposits	53,135	66,869
Current portion of long-term liabilities	829,925	691,250
Current portion of compensated absences	25,619	21,038
Contract retainers payable	183,469	4,212
Due to other funds		17,012
TOTAL CURRENT LIABILITIES	1,912,584	921,645
LONG-TERM LIABILITIES, net of current portion:		
Compensated absences	18,515	17,129
Unamortized bond premiums	268,443	295,287
Revenue bonds payable	3,350,000	3,475,000
General obligation bonds payable	12,737,300	6,942,225
TOTAL LONG-TERM LIABILITIES	16,374,258	10,729,641
TOTAL LIABILITIES	18,286,842	11,651,286
NET ASSETS:		
Invested in capital assets net of related debt	13,143,478	12,887,541
Unreserved	12,525,985	9,994,516
TOTAL NET ASSETS	25,669,463	22,882,057
TOTAL LIABILITIES AND NET ASSETS	\$ 43,956,305	\$ 34,533,343

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES:		
Charges for services	\$ 3,742,575	\$ 3,572,919
Capital charges	135,044	239,901
Hydrant rental	128,660	125,720
Forfeited discounts	52,957	44,547
Other service charges	115,033	151,037
Other	<u>29,772</u>	<u>24,173</u>
Total operating revenues	<u>4,204,041</u>	<u>4,158,297</u>
OPERATING EXPENSES:		
Costs of sales and services	2,633,652	2,589,413
Depreciation	<u>681,745</u>	<u>646,250</u>
Total operating expenses	<u>3,315,397</u>	<u>3,235,663</u>
Operating income	<u>888,644</u>	<u>922,634</u>
NON-OPERATING REVENUES (EXPENSES):		
Contributions - infrastructure	1,860,943	1,194,678
Main charges	70,578	45,217
Investment income - net	678,915	283,811
Interest and fiscal charges	(700,825)	(508,076)
Bond issuance cost	(37,693)	(31,086)
Bond premium	<u>26,844</u>	<u>26,844</u>
Total non-operating revenues - net	<u>1,898,762</u>	<u>1,011,388</u>
Net income	2,787,406	1,934,022
NET ASSETS:		
Beginning of year	<u>22,882,057</u>	<u>20,948,035</u>
End of year	<u><u>\$ 25,669,463</u></u>	<u><u>\$ 22,882,057</u></u>

**CHARTER TOWNSHIP OF DELTA
WATER FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Operating income	\$ 888,644	\$ 922,634
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	681,745	646,250
Gain on disposal of fixed assets	(279)	(780)
Receivables	(61,868)	(59,924)
Due to/from other funds - net	(17,012)	2,714
Accounts payable	660,163	(47,437)
Accrued compensated absences	5,967	6,068
Customer deposits	(13,734)	22,722
Contract retainers payable	179,257	4,212
Total adjustments	1,434,239	573,825
Net cash provided (used) by operating activities	2,322,883	1,496,459
Cash flows from non-capital financing activities:		
Contributions	1,860,943	1,194,678
Main and tap in charges	70,260	52,047
Net cash provided by non-capital financing activities	1,931,203	1,246,725
Cash flows from capital and related financing activities:		
Principal repayments on debt	(691,250)	(619,525)
Net interest earned (paid) on bonds	(661,816)	(510,770)
Payments for capital acquisitions	(6,625,139)	(1,458,300)
Proceeds from special assessments	76,058	73,370
Interest received from special assessments	51,134	61,585
Proceeds from the sale of bonds	6,500,000	
Bond issuance costs	(132,142)	
Proceeds from sale of fixed assets	279	780
Net cash used by capital and related financing activities	(1,482,876)	(2,452,860)
Cash flows from investing activities:		
Interest received from investments	616,992	202,091
Proceeds (purchase) of investments	(1,724,318)	(87,697)
Net cash provided by investing activities	(1,107,326)	114,394
NET INCREASE (DECREASE) IN CASH	1,663,884	404,718
CASH:		
Beginning of year	782,480	377,762
End of year	\$ 2,446,364	\$ 782,480

CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULES OF COSTS OF SALES AND SERVICES
YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
Salaries and wages	\$ 471,640	\$ 397,976
Payroll taxes	34,786	30,045
Employee fringe benefits	148,883	233,676
Pension expense	51,511	43,464
Office supplies	10,736	8,728
Supplies	161,548	153,415
Water purchases	1,098,303	1,051,731
Maintenance of plant	40,388	67,689
Maintenance of equipment	94,659	46,372
Transportation	18,565	17,210
Administrative	100,000	100,000
Accounting and auditing	139,918	149,379
Contracted services	126,753	143,927
Engineering	31,012	61,870
Collection fees	179	199
Telephone	12,637	9,458
Insurance	29,114	27,995
Utilities	32,939	26,808
Miscellaneous	30,081	19,471
	<u>\$ 2,633,652</u>	<u>\$ 2,589,413</u>

CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2006

Charter Township of Delta Bonds
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2007	2.500 %	\$ 554,925	\$ 142,733	\$ 135,796	\$ 278,529	\$ 833,454
2008	3.000 %	551,150	135,796	127,529	263,325	814,475
2009	3.250 %	626,650	127,529	117,346	244,875	871,525
2010	3.500 %	619,100	117,346	106,512	223,858	842,958
2011	3.750 %	694,600	106,512	93,488	200,000	894,600
2012	3.875 %	694,600	93,488	80,030	173,518	868,118
2013	5.000 %	766,325	80,030	60,872	140,902	907,227
2014	5.000 %	777,650	60,872	41,431	102,303	879,953
2015	5.000 %	826,725	41,431	20,763	62,194	888,919
2016	5.000 %	830,500	20,763		20,763	851,263
		<u>\$ 6,942,225</u>	<u>\$ 926,500</u>	<u>\$ 783,767</u>	<u>\$ 1,710,267</u>	<u>\$ 8,652,492</u>

NOTE: The general obligation limited tax bonds were issued by Charter Township of Delta on April 24, 2003 for the purpose of refinancing the bonds Eaton County issued on behalf of the Township. The excess proceeds, after refinancing, was used for water construction projects. Original amount was \$8,512,625.

CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF GENERAL OBLIGATION LIMITED TAX BOND
AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2006

Charter Township of Delta Bonds
General Obligation Limited Tax Bonds

Year	Interest rate	Principal due May 1	Interest May 1	Interest November 1	Total	Total principal and interest requirements
2007	3.750 %	\$ 150,000	\$ 126,213	\$ 123,400	\$ 249,613	\$ 399,613
2008	3.750 %	150,000	123,400	120,588	243,988	393,988
2009	3.750 %	200,000	120,588	116,838	237,426	437,426
2010	3.750 %	200,000	116,838	113,088	229,926	429,926
2011	3.750 %	250,000	113,088	108,400	221,488	471,488
2012	3.750 %	250,000	108,400	103,715	212,115	462,115
2013	3.750 %	250,000	103,715	99,025	202,740	452,740
2014	3.750 %	300,000	99,025	93,400	192,425	492,425
2015	3.750 %	300,000	93,400	87,775	181,175	481,175
2016	3.750 %	350,000	87,775	81,213	168,988	518,988
2017	3.750 %	350,000	81,213	74,650	155,863	505,863
2018	3.800 %	400,000	74,650	67,050	141,700	541,700
2019	3.875 %	400,000	67,050	59,300	126,350	526,350
2020	3.900 %	450,000	59,300	50,525	109,825	559,825
2021	4.000 %	450,000	50,525	41,525	92,050	542,050
2022	4.000 %	500,000	41,525	31,525	73,050	573,050
2023	4.000 %	500,000	31,525	21,525	53,050	553,050
2024	4.100 %	500,000	21,525	11,275	32,800	532,800
2025	4.100 %	550,000	11,275		11,275	561,275
		<u>\$6,500,000</u>	<u>\$1,531,030</u>	<u>\$1,404,817</u>	<u>\$2,935,847</u>	<u>\$ 9,435,847</u>

NOTE: The general obligation limited tax bonds were issued by Charter Township of Delta on March 1, 2006 for the purpose of paying the cost of acquiring and constructing, various capital improvements to the Township's water supply system. Original amount was \$6,500,000.

CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2006

Michigan Municipal Bond Authority
Water Supply System Revenue Bonds - 2000A

Interest rate	Due November 1	Principal	Interest		Total payment requirements
			May 1	November 1	
5.20	2007	\$ 75,000	\$ 47,250	\$ 47,250	\$ 169,500
5.25	2008	75,000	45,300	45,300	165,600
5.35	2009	100,000	43,331	43,331	186,662
5.40	2010	100,000	40,656	40,657	181,313
5.45	2011	100,000	37,956	37,956	175,912
5.55	2012	100,000	35,231	35,232	170,463
5.60	2013	100,000	32,456	32,456	164,912
5.70	2014	125,000	29,656	29,657	184,313
5.75	2015	125,000	26,094	26,094	177,188
6.00	2016	125,000	22,500	22,500	170,000
6.00	2017	150,000	18,750	18,750	187,500
6.00	2018	150,000	14,250	14,250	178,500
6.00	2019	150,000	9,750	9,750	169,500
6.00	2020	175,000	5,250	5,250	185,500
		<u>\$ 1,650,000</u>	<u>\$ 408,430</u>	<u>\$ 408,433</u>	<u>\$ 2,466,863</u>

NOTE: Revenue bonds dated May 17, 2000 were issued to provide acquisition and construction of improvements and extensions to the Township's water supply systems under the provisions of Public Act 94. Original debt of \$2,000,000.

CHARTER TOWNSHIP OF DELTA
WATER FUND
SCHEDULE OF BOND AND INTEREST PAYMENT REQUIREMENTS
DECEMBER 31, 2006

Michigan Municipal Bond Authority
Water Supply System Revenue Bonds - 2000B

Interest rate	Due November 1	Principal	Interest		Total payment requirements
			May 1	November 1	
5.00	2007	\$ 50,000	\$ 50,512	\$ 50,512	\$ 151,024
5.05	2008	75,000	49,262	49,262	173,524
5.10	2009	75,000	47,369	47,369	169,738
5.10	2010	75,000	45,456	45,456	165,912
5.20	2011	100,000	43,544	43,544	187,088
5.30	2012	100,000	40,944	40,944	181,888
5.40	2013	100,000	38,294	38,294	176,588
5.45	2014	125,000	35,594	35,594	196,188
5.50	2015	125,000	32,187	32,187	189,374
5.75	2016	175,000	28,750	28,750	232,500
5.75	2017	175,000	23,719	23,719	222,438
5.75	2018	200,000	18,687	18,687	237,374
5.75	2019	225,000	12,938	12,938	250,876
5.75	2020	225,000	6,469	6,469	237,938
		<u>\$ 1,825,000</u>	<u>\$ 473,725</u>	<u>\$ 473,725</u>	<u>\$ 2,772,450</u>

NOTE: Revenue bonds dated November 28, 2000 were issued to provide acquisition and construction of improvements and extensions to the Township's water supply system under the provisions of Public Act 94. Original debt of \$2,000,000.

**CHARTER TOWNSHIP OF DELTA
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006
(with comparative totals for December 31, 2005)**

		Pension trust fund	Other post employment benefit trust fund	Agency fund		
		Employee retirement	Retiree health benefits	Tax collection fund	Totals	
					2006	2005
ASSETS:	ASSETS					
Cash		\$	\$	\$ 1,259,054	\$ 1,259,054	\$ 730,923
Investments		18,877,658	2,096,771	4,800,116	25,774,545	23,163,080
Taxes receivable - delinquent				467,358	467,358	439,269
Interest receivable				34,657	34,657	36,531
TOTAL ASSETS		<u>\$ 18,877,658</u>	<u>\$ 2,096,771</u>	<u>\$ 6,561,185</u>	<u>\$ 27,535,614</u>	<u>\$ 24,369,803</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Undistributed tax collections:						
Current		\$	\$	\$ 6,090,660	\$ 6,090,660	\$ 5,621,169
Delinquent and other				470,525	470,525	441,934
TOTAL LIABILITIES				6,561,185	6,561,185	6,063,103
FUND BALANCES:						
Reserved for retirement benefits		18,877,658	2,096,771		20,974,429	18,306,700
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 18,877,658</u>	<u>\$ 2,096,771</u>	<u>\$ 6,561,185</u>	<u>\$ 27,535,614</u>	<u>\$ 24,369,803</u>

**CHARTER TOWNSHIP OF DELTA
AGENCY FUND
TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2006**

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
ASSETS				
Cash	\$ 730,923	\$ 528,131	\$	\$ 1,259,054
Investments	4,856,380	50,035,286	50,091,550	4,800,116
Taxes receivable delinquent	439,269	130,258	102,169	467,358
Interest receivable	36,531		1,874	34,657
TOTAL ASSETS	<u><u>\$ 6,063,103</u></u>	<u><u>\$ 50,693,675</u></u>	<u><u>\$ 50,195,593</u></u>	<u><u>\$ 6,561,185</u></u>
LIABILITIES				
Undistributed tax collections:				
Current	\$ 5,621,169	\$ 50,528,221	\$ 50,058,730	\$ 6,090,660
Delinquent and other	441,934	165,454	136,863	470,525
TOTAL LIABILITIES	<u><u>\$ 6,063,103</u></u>	<u><u>\$ 50,693,675</u></u>	<u><u>\$ 50,195,593</u></u>	<u><u>\$ 6,561,185</u></u>



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Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

March 28, 2007

To the Board of Trustees
Charter Township of Delta
Lansing, Michigan

In planning and performing our audit of the financial statements of Charter Township of Delta as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered Charter Township of Delta's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 28, 2007 on the financial statements of Charter Township of Delta. We will review the status of these comments during our next audit engagement.

Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Prior year comments

Information systems comments

Several information systems comments are as stated below:

1. Data back-up procedures have been tested for accounting, but a full system restore test should be performed. All back-up procedures should be documented.
2. Although the Township maintains offsite data back-up, they need to implement and document a disaster recovery plan. Such a plan would highlight alternative locations including hardware and software replacement.

GASBs 43 and 45 - Other Postemployment Benefit (OPEB) Plans

GASB 43, which establishes uniform financial reporting standards for other postemployment plans included in the financial statements of employers is effective for the Township year ended December 31, 2007.

GASB 45 establishes standards for measurement, recognition and display of OPEB expense and related liabilities and disclosures. This GASB is effective for the Township's year ended December 31, 2008.

Current year comment

Capital projects fund deficit

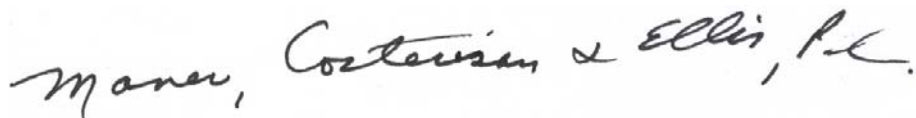
The capital projects fund incurred a fund deficit at year end of \$33,347. This arose from preliminary expenditures related to the construction of a new library. The Township has approved a bond issue together with a millage to fund the project and operate the new library.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of Charter Township of Delta, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

A handwritten signature in cursive script that reads "Maner, Costerian & Ellis, P.C.".



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March 28, 2007

To the Finance Committee
Charter Township of Delta
Lansing, Michigan

We have audited the financial statements of Charter Township of Delta for the year ended December 31, 2006, and have issued our report thereon dated March 28, 2007. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated February 26, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Charter Township of Delta. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Charter Township of Delta's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Charter Township of Delta are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2006. We noted no transactions entered into by Charter Township of Delta during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were estimated fixed assets lives for depreciation, the allocation of expenses among the various funds, and the percentage allocation of flowage rights additions between funds.

4. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Charter Township of Delta's financial reporting process (that is, cause future financial statements to be materially misstated). A summary of significant entries is attached.

5. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

6. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Finance Committee
Charter Township of Delta
Lansing, Michigan

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March 28, 2007

7. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Charter Township of Delta's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Finance Committee, and management of Charter Township of Delta and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maner, Covertson & Ellis, P.C.

To the Finance Committee
Charter Township of Delta
Lansing, Michigan

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March 28, 2007

SIGNIFICANT ENTRIES ATTACHMENT

	<u>Income (expense) effect</u>
General fund	
No significant entries	
Enterprise funds	
Record depreciation	\$ (2,544,000)
Capitalize fixed assets	4,659,000
Record contributions	<u>2,579,000</u>
Total enterprise funds	<u><u>\$ 4,694,000</u></u>

GASB #34 journal entries are included in the financial statements